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THE TOURISM SECTOR AND RELATED SERVICES IN THE PALESTINIAN TERRITORY UNDER ISRAELI OCCUPATION

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Source: United Nations, *The question of Palestine, 1979-1990* (New York, 1991), p.4, (Map No. 3243, Rev. 2, United Nations, June 1991).

Foreword

i. As part of the 1990 1991 work-programme of the UNCTAD secretariat, the present study has been prepared to shed light on the relatively neglected sector of tourism and related services in the occupied Palestinian territory of the West Bank, including East Jerusalem, and Gaza Strip.1/ It constitutes the first comprehensive investigation of this sector undertaken to date.

ii. This study draws upon a field survey conducted in 1990/1991 by UNCTAD consultants Dr. Hisham Awartani, of Al-Najah National University in Nablus, West Bank, assisted by Ms. Buthaina Shaabani of the Arab Studies Society in East Jerusalem. In addition to different published and official sources noted in the text, the survey relied upon information, interviews, documents and reports obtained from various sources, in particular the following:

- Mr. Bajis Ismail, former West Bank Tourism Coordinator, Jordan Ministry of Tourism and Antiquities, East Jerusalem;
- Chairman of the Arab Tourist Guides Union (ATGU), East Jerusalem;
- Chairman of the Arab Hotels Association (AHA), East Jerusalem;
- Chairman of the Association of Travel and Tourism Agents (ATTA), East Jerusalem;
- Chairman of the Association of Handicraft Dealers (AHD), East Jerusalem;
- Chairman of the Holy-land Handicrafts Cooperative Society (HLC), Beit Sahour;
- Arab Studies Society, Tourism Information Unit, East Jerusalem; and,
- Managing Director of Near East Tourist Travel (NETT), East Jerusalem;

iii. In preparing this study, the UNCTAD secretariat also benefited from the valuable information, insights and guidance provided by:

- Sr. Jose Manuel Saiz de Omenaca, General Coordinator, World Tourism Organisation, Madrid;
- Mr. Jamil Jaber, Director, Research and Planning Department, Ministry of Tourism and Antiquities, Amman, Jordan;
- Mr. Abu Jamil Al-Sharafa, Gaza Strip tour operator.

While expressing its gratitude for the assistance and information received, the UNCTAD secretariat of course remains responsible for the findings and recommendations contained in this study.

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INTRODUCTION

1. Both prior to and since the Israeli occupation of the Palestinian territory of Gaza Strip and the West Bank, including East Jerusalem, one vital sector of the economy has been that of tourism and related services. Exploiting a clear "comparative advantage", Palestinian tourism entrepreneurs established, as of the early 1950s, an expanding and viable niche for themselves in various aspects of tourism and its related services. The development of this sector provided not only an important alternative to the primary and secondary sectors of the economy in terms of diversification of output, employment generation and skill formation, but also encouraged the emergence of an important source of income and foreign exchange. Given the enduring nature of the historical and religious attractions offered by holy-land tourism, in addition to the natural beauty of the setting for these, Palestinian tourism has remained a promising sector, capable of generating demand, output, employment and investment, notwithstanding the setbacks suffered by this dynamic sector since Israeli occupation in 1967.

2. This study is linked to a larger, intersectoral investigation of the prospects for sustained economic development of the Palestinian economy of the West Bank and Gaza Strip, which is being prepared by the UNCTAD secretariat within the frame of its work programme. The study focuses on the past and present structures and performance of the Palestinian tourism sector, while a subsequent investigation will examine the future prospects of the sector in the light of changing circumstances and the potentials of the economy as a whole and its relevant sectors in particular. The present study can also be usefully consulted in reference to an earlier secretariat study on the external merchandise trade sector which dealt only briefly with the services side of the Palestinian external sector, namely "Palestinian external trade under Israeli occupation" (UNCTAD/RDP/SEU/1, 1989).

3. The study comprises five chapters. Chapter I investigates the natural endowment and socio-cultural heritage of the West Bank and Gaza Strip, the development of the tourism sector, its facilities and related services, as well as its contribution to the domestic economy until 1967. Chapter II investigates the major changes in the policy environment affecting tourism in the occupied Palestinian territory after 1967. Chapter III examines the role of the tourism sector in the Palestinian economy since 1967, through reference to various aggregate and sectoral indicators. The structure and performance of the different tourism branches in the occupied Palestinian territory until 1990 are surveyed in Chapter IV. Chapter V of the study provides an assessment of prospects and the need for the immediate revival of the Palestinian tourism sector. As noted, a supplement to this study will be published in due course investigating long term prospects for the modernisation and development of Palestinian tourism in the 1990s and beyond.

Chapter I

THE PALESTINIAN TOURISM SECTOR BEFORE 1967

4. Prior to the Israeli occupation of the Palestinian territory of the West Bank and Gaza Strip in 1967, and indeed before the establishment of Israel in 1948, historic Palestine was synonomous with a rich and ancient religious and cultural heritage, which until today remains sacred to the three monotheistic religions. Palestine also assumed special significance in the history of the Middle East on account of its strategic location in the heart of the Arab world, at a junction between the three continents of the old world. At its centre is the holy city of Jerusalem, and scattered through the rest of the area are towns, cities and other sites of historical, archeological and spiritual importance. This unique heritage, in addition to many sites of natural beauty, endowed Palestine with an unrivalled potential for attracting pilgrims and tourists from all over the world. International tourism is a relatively new phenomonon associated with the development of transport, communications and related services,2/ and tourism in Palestine until 1948 was a marginal and undeveloped sector, notwithstanding the visits by pilgrims and others to holy places, especially in the cities of Jerusalem, Bethlehem, Hebron and Nazareth. While tourism has developed since the 1950s into an important sector in many countries of the region, the prolonged Middle East conflict has prevented the realisation of the full potential offered by tourism in the area of historic Palestine and its neighbouring States.

A. The natural endowment and socio-cultural heritage

5. The occupied Palestinian territory enjoys a variety of attributes which continue to present an outstanding touristic potential. The more commonly known aspects of tourism in the territory are those related to religious sites, but the area is also endowed with some other important attributes which have touristic potentials. Historically, Palestine has been especially well endowed with sites of spiritual and historical significance, owing to the fact that the country was the cradle of two main religions, Judaism and Christianity, and the second most sacred place for a third, Islam. The rich religious and historical heritage of Palestine has made it one of the greatest attractions for tourists in the world. This has undoubtedly been a vital economic asset for the survival of an economy which is otherwise severely deficient in natural resources.

6. After the 1948 war, the most important touristic attractions of British Mandatory Palestine remained in East Jerusalem and other parts of the West Bank, and to a lesser extent in Gaza Strip and in Israel itself. The full inventory of places dear to the three religions and located in the West Bank is far too long to be ascertained in this context. The following paragraphs briefly describe those with special prominence, grouped in accordance with their geographic location.

1. The West Bank, including East Jerusalem

Jerusalem sub-district

7. This sub-district is small in area but includes the city of Jerusalem, which is unique in its wealth of religious and historic shrines. Most sites are in East Jerusalem, where some of the holiest places of the three major monotheistic religions are found, including:

- The Western Wall: this wall was part of King Solomon's Temple, which was razed by the Roman Emperor Titus in 70 A.D.. Jews come to this wall for prayer and to bewail the destruction of the Temple;
- David's Tomb: on Mount Zion, this is one of Judaism's holiest shrines;
- The Church of the Holy Sepulchre: this is widely considered as Christianity's most sacred and fascinating shrine. It was first built by Queen Helena - Emperor Constantine's mother - in 326 A.D, but it was destroyed and reconstructed afterwards. The Church contains the last five sections of the Cross and the tomb where Jesus Christ was laid;
- St. Anne's Church: this is one of the oldest and most beautiful churches in Jerusalem. It was built by the wife of King Baldwin I, supposedly over the site of the house where Mary was born;
- Mary's Tomb (the Church of Assumption) and the Gethsemane Garden;
- Al-Aqsa Mosque: this is Islam's third holiest shrine after Mecca and Medina, and it is mentioned in the Quran in reference to Prophet Mohammed's night time journey to heaven. It was built by Calif Waleed Ben Abdel-Malek between 709 and 715 A.D.;
- The Dome of the Rock: this exquisite example of Islamic architecture towers over Jerusalem, on the site of a mosque erected by Calif Umar Ben Khattab on the Temple Mount when he captured Jerusalem in 637 A.D.. The Dome itself was built by Calif Abdul-Malek Ben Marwan during the period 685-705 A.D..

8. In addition to its distinctive religious prominence, East Jerusalem enjoys other features which entail important touristic attractions including its cool hilly climate, the impressive traditional Arab architecture of the Old City and its bustling bazaars. The location of the city in the middle of historic Palestine and of the West Bank, straddling the territory's international boundary with Israel, has made it a major junction for passengers, as well as offering distinct advantages for development of commercial and transport networks.

Bethlehem sub-district

9. The city of Bethlehem, just beyond the southern boundaries of Jerusalem, ranks only after Jerusalem in its wealth of Christian religious shrines, such as the Church of Nativity, the Milk Grotto, and the Shepherds Field. The Church of Nativity was built in 325 A.D. by Emperor Constantine, on the site where Jesus Christ was born, and is the oldest in the world still in use. At the northern entrance of the city lies Rachel's Tomb, located on the site where Rachel died while giving birth to Benjamin. Furthermore, the surroundings of Bethlehem are rich with archeological sites. For instance, Solomon's pools lie a few kilometers to the north of the city, and the ruins of the Roman city of Herodium are on its south-eastern hills. Bethlehem University, various monasteries and other places of interest are located in the vicinity of the town.

Jericho sub-district

10. The tourist potential of this region is a similarly rich one. The ancient city of Jericho, directly east of Jerusalem, is the oldest walled inhabited city in the world, dating back to 8000 years B.C. To its south lies Khirbet Qumran where the Dead Sea scrolls were discovered. A prominent historic location in Jericho is Hisham's Palace, which was built as a winter resort by the Calif Hisham Ben Abdul-Malek in the 8th century. Other holy places include the nearby Jordan river, where Jesus was baptized by John, and the Mount of Temptation (Mount of Quarantine).

11. Jericho lies very close to the Allenby bridge, which is the main southern crossing point along the Jordan river, connecting the occupied territory with Jordan and other Arab countries. In addition, Jericho and other locations in the area possess a tremendous touristic potential on account of their natural attributes. The Jordan river valley lies along the eastern border of the West Bank, and it is part of the great Afro Asian Rift which extends from Turkey to the middle of Africa. The valley lies below sea level, descending in altitude from north to south. The modern city of Jericho, located close to the northern tip of the Dead Sea, is the lowest city below sea level in the world. The geographic location of the Jordan valley gives rise to a climate with a distinctively warm and dry winter, which highlights its potential as a winter resort. The touristic value of Jericho and its environs is further accentuated by the proximity of the Dead Sea, which is characterized by a very high concentration of minerals with therapeutic value. The West Bank has a sea line of 37 kilometers along the western shore of the Dead Sea from its northern tip down to its south-west shore and the border with Israel.

Ramallah sub-district

12. The city of Ramallah lies at the top of the West Bank's central mountain range, 16 kilometers to the north of Jerusalem. Ramallah is characterized by a moderate summer temperature and relatively dry weather which is markedly more pleasant than most other parts of the country. In fact the Ramallah region had become for many years, prior to Israeli occupation, a very popular summer resort, not only for Jordanian citizens, but increasingly so for tourists from neighbouring Arab countries.

13. Ramallah and its surrounding villages are well-known for their large number of emigrants to north and south America. Emigrants have always been an important component of tourist flows, as well as a source of remittances to residents in that part of the country. The presence of Birzeit University close to Ramallah also generates an active cultural, political and commercial life in the area. All this has a positive impact on the tourism sector.

Hebron sub-district

14. Hebron, in the hilly area of the West Bank south of Jerusalem, is one of the oldest towns in the world, originally built some three thousand years ago. Hebron is of special significance for Moslems and Jews, both of whom trace their ancestry to the Prophet Abraham. It is the site of the Tomb of the Patriarchs, which contains the tombs of Abraham, Sarah, Isaac, Rebecca, Jacob and Leah. A large mosque known as Al-Haram Al-Ibrahimi (the sanctuary of Abraham) is also constructed on this site. The city boasts an active commercial and industrial district and is known for its production of fine coloured glass, used for various ornamental purposes.

Nablus sub-district

15. In addition to its picturesque hilly landscape and terraced olive groves, the Nablus sub-district is endowed with numerous attributes of significant touristic importance, such as Jacob's Well which was dug by Jacob on a plot of

land he bought from the Shechemites and where he was buried. Close to the same site lies Joseph's Tomb. The city of Nablus is overlooked by Mount Gerzim. This is the site for Jotham's parables and of the Samaritan temple. It is the most sacred place for the Samaritans, an ancient Hebrew sect still present in the area.

16. Ten kilometers to the north of Nablus lie the ruins of the city of Sebastia, which was the capital of the northern kingdom of Israel until it was destroyed by the Assyrians in 721 B.C.. It was later rebuilt by the Romans, and it is believed that John the Baptist is buried here. Adjoining ancient Sebastia now is a small Palestinian village with about two thousand residents. In recent years Nablus has become the most important commercial city in the West Bank, owing to its proximity to major farming areas, and is also the site of An-Najah National University. Coupled with its central geographic position along major transport routes, this has made Nablus one of the busiest towns in the West Bank.

Tulkarm and Jenin Sub-districts

17. Unlike most other parts of the West Bank, the two sub-districts of Tulkarm and Jenin are not noted for containing any religious sites, but the two regions are no less endowed with archeological remains than any other part of the country. In fact, there are clear indications of the presence of vast and still uncovered historical sites which may be of great significance. Located in a mainly rural agricultural setting, the two major towns of Jenin and Tulkarm are adjacent to the border with Israel, providing them with an important advantage in terms of trade and traffic, in particular the populous coastal areas of central Israel with which active economic links have developed.

2. Gaza Strip

18. Gaza Strip is not particularly endowed with either religious or historical sites, notwithstanding the dynamic history of that part of the country which has for centuries served as a point of entry for invading armies. This relative lack of sites is partly explained by the noticeably limited amount of archeological excavations undertaken in the area, especially due to its unusually high population density. However, there are a number of locations in the Strip which are of some touristic significance. The city itself contains the tomb of Hashem (Prophet Mohammad's grandfather) and the tomb of Samson the Great. The city of Khan Yunis, south of Gaza, contains the two fortresses of Napoleon and Barkuk.

19. The touristic potential of Gaza Strip lies more in its natural attributes than in its religious or historical sites. The Strip has a coastline along the Mediterranean sea which extends for some 45 kilometers. The Gaza coast is popular for its long sandy beaches, suitable for all sorts of sports, and touristic attractions, especially in winter. The extensive citrus groves in the Strip add another element of touristic interest. Historically, the area straddled the major north-south transport route along the eastern Mediterranean, linking Egypt with Lebanon, Syria and Turkey. Gaza port is the

occupied territory's only exit along the Mediterranean and, as such, constitutes a vital element of the territory's economic infrastructure and potential.

B. Palestinian tourism - an historical overview of its role

20. Since its emergence earlier this century, the Palestinian tourism sector has undergone significant transformation in response to the changing political and legal context influencing it, and as a result of factors such as uncertainty and geographic discontinuity. Meanwhile, corresponding shifts in the market for Palestinian tourism services have also taken their toll on the sector's ability to compete and grow.

1. Tourism in Palestine until 1948

21. Tourism in its present form was not common in Palestine prior to 1948. This was mainly owing to the undeveloped international and domestic transportation facilities and other services catering to tourists coming to Palestine. Easy and relatively inexpensive access to the country was thus impossible for most tourists in that period, i.e. those from Europe. In addition, international leisure tourism as a mass phenomenon had not yet reached a stage that encompassed the Middle East. The generally unstable political conditions there between and during the two world wars added another element to those which disfavoured tourism in this period.

22. One main form of tourism to Palestine, which emerged in the late 19th century and gained momentum during the first half of the 20th century, was largely associated with Jewish immigration. Visitors were also motivated by objectives other than traditional visits and/or pilgrimage to holy places in Palestine.3/

23. It is interesting to note in this regard that tourism by pilgrims from Islamic countries and communities to Palestine prior to 1948 was weak, at least in comparison to that of Christians and Jews. This phenomenon can be attributed in large part to the poverty which until then prevailed throughout much of the Islamic world. Furthermore, it was undoubtedly influenced by the poor level of transportation networks which then connected Palestine with the rest of the world. Irrespective of the causes, the relatively weak influx of Arab and Muslim visitors to Palestine during the first half of this century as compared to the increasing flow of Jewish visitors/settlers ultimately helped to undermine the demographic and economic balance of power to the disadvantage of Palestinian Arabs.4/

2. Tourism in the West Bank, 1948-1967

24. The division of Palestine in 1948 into three distinct entities (the State of Israel, Gaza Strip and the West Bank, including East Jerusalem) completely transformed the structure and market orientation of tourism there and in the region as a whole. Some important touristic attractions, both of a natural beauty and historic/religious nature, remained within the borders of Israel and consequently were inaccessible to tourists from Arab and Islamic

countries. However, the bulk of sites of pilgrimage and historic interest remained in East Jerusalem and the rest of the West Bank, which became part of Jordan. In these circumstances, tourists to Israel were similarly constrained from crossing into the West Bank or Gaza Strip. There were, thus, no possibilities for exploiting the potential complementarities between tourism in the different areas of historic Palestine, and the tourism sectors in each region developed separately.

25. Tourism in the West Bank grew rapidly during the period 1948-1967, within the context of tourism development programmes in Jordan. Tourist firms in the West Bank exploited the complementary nature of tourism there with the historical and archeological attractions of Jordan. Tourists found it noticeably attractive to be able to visit in one tour such a combination of sites as the ruins of the ancient cities of Petra and Jerash in the East Bank and the unique collection of sites in the West Bank. Furthermore, West Bank tourism benefited tangibly from the pronouced improvement in the supportive institutions which developed in Jordan as well as in the West Bank at a marked pace as of the early 1960s.

26. Tourism to the West Bank was until the mid 1960s dominated by Christian pilgrims, attracted by the religious sites of East Jerusalem and Bethlehem, but a new form of religiously motivated tourism emerged and accelerated during the last few years before Israeli occupation. Muslim pilgrims with the means to do so had developed the ritual of visiting the sacred Islamic sites in East Jerusalem and in Hebron on their way back home from the annual pilgrimage to Saudi Arabia. This is clearly evidenced by the sharp rise of foreign arrivals from Arab and non-Arab Asian countries.5/ In a similar context, the flow of Jordanian worshipers to Al-Aqsa mosque and the Dome of the Rock in East Jerusalem also became an entrenched ritual in the early 1960s. On most Fridays the number of persons attending prayer at Al-Aqsa amounted to over 100,000, most of them from the East Bank of Jordan.

27. Another form of tourism which grew rapidly in the early 1960s was that motivated by climatic attractions. An increasing number of tourists from the Gulf States were attracted to the summer resorts of Ramallah. Meanwhile, Jericho and the Dead Sea area became a very popular winter resort for wealthier Jordanians and Palestinians, especially those living in Amman and East Jerusalem, each less than one hour's drive away from the Jordan Valley.

3. Tourism in Gaza Strip, 1948-1967

28. Tourism in Gaza Strip remained a somewhat marginal activity during the period 1948-1967. This can be attributed to several factors, most importantly the scarcity of historic and religious sites in that part of the country. But other factors were also relevant. Gaza Strip emerged after the 1948 war with no land connection with the West Bank, as with any Arab country, except Egypt. Even the link with Egypt remained until the early 1960s of little use to Gaza Strip for touristic purposes, because of the poor condition of the 500 kilometers of road which connected Gaza with Cairo. Tourism was further discouraged by the very low level of supportive facilities and related services in an area which was until then one of the poorest in the world.

29. The flow of tourists to Gaza Strip witnessed a sudden positive change in 1962, when the Egyptian Government transformed the Strip into a duty-free zone accessible to Arab and foreign tourists. This step stimulated a steady influx of Egyptian tourists, many of whom came on short day visits, and who found that the trip to Gaza was worth the time and cost. The presence of United Nations peacekeeping forces constituted another source of limited demand for touristic services in the Strip. The Gaza commercial seaport, essential to the success of the free zone, also provided an important international gateway to the Strip.

4. The contribution of tourism to the domestic economy

30. By any definition of tourism, the role of this sector in Palestinian economic development has always been significant. In the more narrow definition adopted by the World Tourism Organization, tourism income is considered as the receipts resulting from consumption expenditure by international visitors for goods and services for their own use or as gifts, excluding international fare receipts. This corresponds to the "travel credits" item in standard balance of payments definitions. Under other broader definitions, tourism services include all travel (international and domestic) and numerous activities in related branches of restaurants, hotels and recreational enterprises.6/ While available statistical data on the Palestinian tourism sector often blur these important distinctions, it is possible to obtain an adequately clear picture of the significance of tourism for the domestic economy in general and its external sector in particular.

31. While only scant data are available for the Gaza Strip, the rapid growth of tourism in the West Bank during the early 1960s is illustrated in table 1. This shows that the number of tourists visiting Jordan during the period 1960-1966 increased nearly five-fold. During the same period, revenue from tourism in Jordan almost quadrupled and exceeded Jordan's revenue from commodity exports for nearly the entire period. Nevertheless, with the growth in the number of tourist arrivals, the average receipts/income per arrival fell noticeably. This appears to reflect the changing composition of tourists flows as pilgrims from less prosperous Asian countries came to account for a larger share of tourist flows than Europeans and others.

Table 1. Tourist arrivals and revenues, and commodity exports in the West Bank, 1960-1966

Year	Tourist arrivals (thousands)	Tourism revenue (JD million)	Total commodity exports (JD million)
1960	132	3.2	3.5
1961	162	4.3	4.2
1962	209	5.1	4.9
1963	324	6.0	5.5
1964	487	8.0	7.0
1965	491	9.8	7.8
1966	617	11.2	8.8

Sources: Hanna Odeh, Economic Development of Jordan 1954-1971 (Appendix 6 and 11); Jordan Statistical Yearbook 1966, Vol. 17, p. 50 (Amman, Department of Statistics, 1966).

32. There are no official data on the relative distribution of income from tourism between the East and West Banks, yet the latter's share in Jordan's tourism receipts in 1966 has been estimated at JD 8 million, i.e. at around 70 per cent of total income from that sector.7/ At this level, the tourism sector is estimated to have accounted for 14 per cent of the West Bank's gross domestic product (GDP).8/ The fall in tourism arrivals and revenue in Jordan after the occupation of the West Bank in 1967 is indicative of the relative significance of the tourism sector in the West Bank.9/

33. According to available data, the services sectors in the Gaza Strip (comprising transport, trade, tourism and other private services) accounted for between 30 and 35 per cent of the area's GDP in 1966.10/ The free-zone arrangement in operation there certainly encouraged much of the growth in these sectors, in particular transit merchandise exports to Egypt. It has been estimated that over 70 per cent of Gaza Strip imports in the immediate pre-1967 period were destined for touristic sales and re-export purposes, including smuggling to Egypt.11/ Given the transitory nature and highly commercial emphasis of tourism in Gaza Strip in this period, though a source of significant immediate income, its developmental impact, in terms of long-term investment, employment or infrastrutural improvements, was dubious.

34. On the other hand, the economic impact of tourism on the West Bank was far more pervasive and complex than indicated by the above statistical data. In particular, it should be noted that income from tourism, which is characterized by a noticeably high multiplier factor, reached different sectors of the economy, thus raising its overall impact on the domestic economy. This was particularly the case with regard to related service branches covering finance and insurance, as well as some retail trade and domestic transport services. Expansion in these different branches which were not directly dependent on tourism demand was certainly encouraged by the reliable and substantial seasonal tourist flows to the West Bank. This is in contrast with Gaza Strip where, as noted, the nature of the receipts from tourism and of the tourists themselves was such that the benefits which accrued were more concentrated sectorally and had immediate and relatively short-lived impact.

35. The concentration of tourism activity in the East Jerusalem-Bethlehem area, which is among the areas of the West Bank least endowed with natural economic resources, helped to alleviate unemployment and raise per capita income and living standards there. The pronounced rise in government revenue from tourism expenditure, taxes and fees stimulated the upgrading of several forms of supportive infrastructures, such as roads and international transport facilities. Various specific promotional and regulatory measures were also introduced. Improvements in those directions were of course conducive to spin-offs in other sectors, especially trade, transport and industry. Here again, the "administrative" nature of Egyptian rule in Gaza Strip meant that other than the free-zone arrangement, the tourism sector was not the object of specific government policy measures aimed at enhancing its performance per se. Rather, the laisser-faire aspects of the free-zone were deemed sufficient as incentives to sectoral growth and improved performance in tourism, trade and related sectors.

C. Tourism facilities and related services until 1967

1. The regulatory and policy environment affecting tourism in the West Bank and Gaza Strip

36. The main elements of the Palestinian tourism sector in its present form were constituted essentially in the period prior to 1967, with few significant structural developments witnessed since then. In terms of the emergence of specific branches, the scope and orientation of their output and marketing, and the relative economic performance of the sector as a whole, the main features of Palestinian tourism were clearly established by the eve of Israeli occupation in 1967. The heterogenous nature of the services and goods comprising the Palestinian tourism sector, and the inherent interdependences, were as evident before occupation as they are today, if not more so. Notwithstanding certain positive quantitative developments over the 1967-1987 period in the performance of some branches, Palestinian tourism suffered as much as other domestic economic sectors from the hostile, and at best indifferent, policy environment characterised by Israeli measures affecting the sector.

37. This was in contrast to the pre-1967 period when Jordanian policies and regulations provided strong incentives for the growth and development of the sector, as shown below. Indeed, were it not for the solid regulatory, infrastructural and institutional base established by the early 1960s, it is dubious that the Palestinian tourism sector could have remained intact and withstood the pressures of occupation for as long as it did. The following sections briefly survey the structure and performance of the Palestinian tourism sector prior to Israeli occupation, broadly defined to cover related domestic and international transport, tour operators and travel agents, accommodation and catering, handicraft production and retail trade and financial services.

38. As of the early 1960s, with the growth in tourist flows to Jordan, government authorities and tourist enterprises exerted considerable efforts to develop the sector in line with the increasing demands placed upon touristic services. The West Bank's tourism sector benefited from the liberal regulatory environment, which encouraged pronounced improvements in the level and quality of ancillary services that developed in the years prior to Israeli occupation. Jordanian legislation and regulations affecting tourism were designed to promote tourist branches and relax visa and travel formalities, in line with the generally liberal economic policies prevailing in the country. Tourism promotion policies and measures aimed at exploiting the complementarities between East and West Bank tourism to the extent possible. Meanwhile, private sector tourism enterprises were encouraged to invest in expanded and enhanced facilities and physical and institutional infrastructure.

39. Tourism in Jordan, the West Bank included, was governed by Law No.45 of 1965, the major purposes of which were the following:

- Preserving and developing touristic sites;
- Supervising and regulating touristic and handicraft industries;

- Facilitating the entry of tourists across border points and providing them with all needed services; and,
- Planning and implementing tourism projects.

40. In accordance with the aforesaid law, a National Tourism Authority (NTA) was established under a high-level Tourism Council, chaired by the Prime Minister and comprising officials from the Ministries of Information, National Economy, and Tourism and Antiquities and members representing the private sector. The Tourism Authority was aided by an Advisory Board which comprised three government officials and four members representing hotels, travel and tourist agents, air travel companies, and chambers of commerce. In pursuance of the objectives defined for the Tourism Authority, and upon the recommendation of its Board, the Cabinet issued regulations in 1966 dealing with travel and tourist offices, the souvenir trade, tourist guides and hotels. These by laws were meant to give a vigorous boost to what was already a booming sector.

41. Another manifestation of Jordanian Government interest in, and support for, tourism was the creation of a special Tourism Police to provide special assistance to the sector and to facilitate tourism activities. Members of the Tourism Police contingent were provided with advanced training in relevant areas of expertise and were stationed in all areas of touristic attraction and activities. The tourist police unit was based in East Jerusalem, and it was placed under the command of the Tourism Authority. Tourist guides were trained and licensed according to explicit criteria laid out in Regulation No. 48 of 1966. They are classified into three categories: "A" licenses permitting guides to escort tourists to all places in Jordan; "B" licenses restricting operation within a defined district; and "C" licenses confining guides to specific sites. A special tourism training institute was also established by the Ministry of Tourism and Antiquities in East Jerusalem, to begin teaching activities in October 1967. The war of that year and the occupation of the West Bank indefinitely postponed that important step.

42. As for the Gaza Strip, other than the free-trade arrangement alluded to above, there were no specific regulations that specifically addressed the issue of tourism promotion. Egyptian administration of the Strip, being of a transitory nature, could not actively intervene in any particular sector or sphere of activity. Nevertheless most economic activities, including tourism-related services, were pursued in an open and favourable environment. Entrepreneurial energies were concentrated on taking advantage of the free-trade zone arrangements to the greatest extent possible. While the Strip attracted many Egyptian tourists annually, non-Egyptian tourism there was effectively non-existent given the Strip's near-isolation from its traditional markets northwards to the Syrian Arab Republic and Turkey and eastwards into the Arab and Islamic hinterland. There was little possibility for tapping the area's potential in the prevailing circumstances and until a final political solution was reached to determine its future status.

2. Domestic transport facilities

43. Historically, the development of tourism has been closely associated with advances in transport technology, both domestic and international. The local

road network in Jordan, especially that serving the tourism sector, underwent substantial growth during the period 1960-1967. A new high-quality motor road was constructed between Amman and East Jerusalem (75 kilometers), and two similar new roads in the East Bank connected Amman with the popular touristic sites of Petra and Jerash. This road network was one of the elements that facilitated the emergence of a pronounced degree of complementarity in tourist attractions between the East and West Banks of Jordan. Meanwhile, Gaza Strip's land link with Egypt served major commercial, military and personal travel purposes, including "shopping day-trips" from Egypt. Its seaport served mainly for commercial traffic on a limited scale.

44. The development of the road system in the West Bank was accompanied by fast growth in domestic travel facilities, serving both tourists and local residents. One major development in this regard was the inauguration of a regular half-hourly taxi service between East Jerusalem and Amman. Until 1966 there were no specialized tourist bus firms, but there were three companies based in East Jerusalem with a total fleet of around 26 modern buses, some of which were used occasionally for chartered tours. In 1966 the first tourist bus service company was established in East Jerusalem, serving both the East and West Banks.

3. International transport

45. While Gaza Strip had no international point of entry for tourists, travel to Jordan was greatly expedited prior to 1967 through a number of major developments in the system of international transport. Jerusalem airport at nearby Qalandia was transformed from a small domestic facility into a full-fledged international airport, capable of receiving large carriers. A shuttle service between Amman and East Jerusalem airports was introduced, thereby facilitating easy and relatively inexpensive access to touristic sites on both sides of the Jordan River. The two tiny local airlines, Air Jordan and Arab Airlines, were merged into one firm under the name of ALIA - The Royal Jordanian Airline. The new firm was owned by the Government, but it was granted complete autonomy and generous financial support. In less than five years ALIA was able to modernize its fleet and double its seating capacity.

46. In addition to the national airline, Jordan's two major airports were served by numerous other international airlines, such as BOAC, TWA, Air France, and Middle East Airlines. Jordan's proximity to Lebanon, which at the time had a highly prosperous touristic sector and one of the busiest airports in the region and the world, had expedited the flow of tourists to Jordan. The 1960s witnessed the beginning of mass labour mobility between the new oil-producing States and other areas. Indeed, the intra-regional prospects for absorbing the increasing flow of international air traffic were bright by the mid-1960s, with clear potentials for realising significant advantages from economies of scale and regional complementarities.

4. Tour operators, travel agents and tour guides

47. The fast growth in the number of tourists visiting the West Bank in the early 1960s stimulated comparable growth in the network of travel agents and t

our operators. This growing flow was boosted by international tourism and by the enormous expansion in the size of traffic between Jordan and the Gulf States. A number of travel agencies were opened around the country, but their increase was most pronounced in East Jerusalem. According to available data, by 1966 there were 39 tour operating firms in the West Bank, 33 of which were based in East Jerusalem.12/ The large number of travel agents and the rapid growth of tourism prompted travel agents to establish their own professional association in order to look after members' interests. In Gaza Strip, by 1967 there were three travel agencies responsible for organising short shopping trips for Egyptian tourists who arrived by bus or train overland from Egypt. Fifteen "seasonal" travel bureaus arranged the annual pilgrimage from the Gaza Strip to the holy city of Mecca in Saudi Arabia, via Egyptian seaports or Cairo and El-Arish airports.

48. Making the maximum of a tour around a city as rich with historic and religious sites as East Jerusalem is not possible without providing tourists with informed guides. Through the concerted efforts of the Jordanian Ministry of Tourism and local travel agents, guiding tourists had developed into a flourishing business. The number of licensed tour guides in the West Bank was 202 by 1966, of whom 157 were in East Jerusalem. Most of these guides obtained professional training sponsored by government agencies, and were classified in accordance with skills, seniority, mastery of languages and other criteria, as follows: 54 were class "A", 120 were class "B" and 28 were class "C" tourist guides.

5. Hotels and other accomodation

49. The hotel industry was probably the most visible beneficiary of the growth in tourism prior to 1967. Evidently, the growth in this industry was more pronounced in East Jerusalem, where most tourism activity was concentrated, but it was not restricted to that city. There were 59 hotels of various classes in the West Bank in 1964 (see table 2), some two-thirds of which were located in East Jerusalem.

50. Table 2 shows that East Jerusalem hotels were of a generally high standard, with 40 per cent of them of three star classification or more, indicative of the high quality demanded by tourists coming to visit the holy city. Indeed, East Jerusalem and its environs accounted for almost all of the hotels with high-class accommodation in the West Bank at the time. But the relative abundance of hotels in other cities, especially Ramallah and Jericho, is a clear indication of the growing significance of climate motivated tourism, notwithstanding the generally lower level of hotels there. By 1967, the Arab Hotels Association had been established to provide a common forum for advancing the interests of this branch.

Table 2. Number and distribution of West Bank hotels, 1964

Location	Classification						
	5 star	4 star	3 star	2 star	1 star	U. C.*	Total
East Jerusalem	3	9	4	11	6	7	40
Ramallah	-	-	-	-	2	5	7
Bethlehem	-	-	1	-	1	-	2
Beit Jala	-	-	2	-	1	2	5
Jericho	-	1	-	-	2	1	4
Nablus	-	-	-	-	1	-	1
Total	3	10	7	11	13	15	59

Source: Jordan Statistical Abstract, No.3, 1965.
Note: *U. C. indicates unclassified at that time

51. The hotel industry of the Gaza Strip also experienced relatively marked growth. Prior to 1967, there were 10 hotels in the city of Gaza, 5 of which were considered to be of international touristic standards while the others served domestic purposes. Several factors encouraged the growth of hotels in the Strip during that period, including the large influx of Egyptian officials affiliated with the Egyptian administration and of a great number of Egyptian citizens coming for shopping in the duty-free zone. Furthermore, a large number of international staff from the United Nations Relief and Works Agency for Palestine Refugees and the United Nations Emergency Force were also based in the Strip, in addition to some 10,000 Palestine Liberation Army soldiers.

6. Restaurants, entertainment and catering services

52. Despite its dominant role in the Palestinian tourism sector, cultural tourism did not greatly the evolution of a high standard of restaurants and entertainment facilities. This appears to have been related to the characteristics of tourists in terms of age and spiritual motivations. Relatively well-guarded social and religious attitudes in Jordan, especially in the city of East Jerusalem, also did not encourage the emergence of entertainment facilities of the types common in many touristic countries. The absence of any Western-style tourist entertainment facilities and the relatively slow growth in entertainment activites, including high-standard restaurants in the West Bank, provided a stark contrast to the sophisticated level of such touristic infrastructures in Lebanon, which was only one hour's flight away from the West Bank.

53. No tourist-class restaurants existed in East Jerusalem prior to the onset of the Israeli occupation, as tourists used to take most of their meals in restaurants located within their hotels all of which were of an adequate standard. In contrast, there were around 10 restaurants of touristic standard in some other parts of the country where tourism was based on climactic advantages (4 in Jericho, 3 in Ramallah, 2 in Beit Jala, 1 in Bethlehem). In fact, even some very successful forms of entertainment developed in weather-based touristic sites. That was most clear in the summer resort of Ramallah, where the Department of Tourism and the local municipal authorities initiated an annual festival of folkloric arts during the peak summer season. Such festivals used to attract large numbers of foreign tourists and Jordanian citizens, and exhibited strong potential for further development as a major form of tourist attraction.

7. Handicraft production and trade

54. Religious-motivated tourism in particular stimulated the inception and rapid growth of a number of handicraft industries to satisfy demand by pilgrims visiting the holy land. Products included a wide range of hand-fashioned articles made of olive wood, mother of pearl, ceramics, colored glass, and copper. Most of these products were manufactured locally in small workshops using labor-intensive techniques. It is estimated that the number of enterprises involved in this production branch rose to over 50 on the eve of Israeli occupation, mostly concentrated in and around Bethlehem, Beit Shahour and East Jerusalem. In addition to handicraft articles, touristic manufacturing included the production of intricate and colourful hand-embroidered Palestinian traditional costumes. Like handicraft products, traditional clothes were made in small workshops scattered in a number of West Bank villages, mostly in the East Jerusalem and Ramallah districts, though much of the work was done by women at home in villages and/or refugee camps.

55. Parallel to the growth of manufacturing firms, a large number of retail stores scattered around East Jerusalem and neighboring cities offered tourist souvenirs for sale. By June 1967, it was estimated that the number of tourism handicraft retail stores in East Jerusalem had reached 186.13/ However, many of these were small and unlicensed, and official Jordanian information indicates that in 1966, there was a total of 150 licensed souvenir retailers in the West Bank, 124 of which were in East Jerusalem and the rest mostly in Bethlehem, as well as in Hebron and Jericho. This branch of the tourism industry developed to such a size that manufacturers were prompted to establish a specialized association based in East Jerusalem.

8. Financial services

56. The rapid development of a sector with such extensive external connections as tourism is obviously heavily contingent on a parallel development in related financial and administrative services. Jordan's record in those directions prior to 1967 was noticeably bright. The country had by then developed a reasonably widespread and efficient banking system. By 1967 there were 26 bank branches in the West Bank, of which 7 were located in East Jerusalem.14/ In Gaza Strip, the Bank of Palestine and its branches, as well as other financial institutions, provided related services to tourists visiting the Strip. In addition to commercial banks, citizens and tourists had access to a fairly wide range of financial services provided by a network of money-changers. Both types of institutions, banks and money-changers, operated under noticeably relaxed regulations, especially in regard to the handling of foreign currencies. The existence and liberal operative environment of these facilities was vital for the smooth functioning of the different branches mentioned above, as well as for providing international tourists with the essential, reliable services expected from a modern tourism sector.

Chapter II

MAJOR FACTORS AFFECTING THE PALESTINIAN TOURISM SECTOR SINCE 1967

57. As with other sectors of the economy, Israeli occupation of the West Bank and the Gaza Strip in 1967 brought previous trends in the Palestinian tourism sector to an abrupt halt and posed a totally new range of problems and constraints. In most cases, these factors proved highly influential in determining the sector's scope for growth, and as such deserve investigation prior to examining changes in sectoral structure and performance. While the major aspects of Israeli policy measures affecting tourism are reviewed in this section, more specific factors influencing different areas and branches are discussed in the respective parts of chapters III and IV.

A. The impact of geographic and physical changes and entry/exit formalities

58. Many changes of a geographic and physical nature have come to bear on the tourism sector in the wake of Israeli occupation almost 25 years ago. Perhaps more than in any other area of the Palestinian economy, such transformations have had a profound impact on the smooth functioning of tourism and the growth potential of this vital sector. The importance of open borders, easy frontier formalities, efficient and speedy transportation systems and cultural interaction to ensuring the optimal delivery of tourism services cannot be over-emphasized for the effective contribution of this sector to the Palestinian economy.

59. The most important consequence of occupation with regard to tourism was the sudden obstruction of free traffic between the two banks of the Jordan river, which had by 1967 developed into one complementary touristic attraction. This development did not totally disrupt the flow of non-Arab tourists via that route, as such tourists could now also arrive via Israeli points of entry, or over the new Allenby Bridge border points established near Jericho. However, it took some time before the flow of tourists through the new routes was re-established. The new state of affairs resulted in a total cessation of two other major types of tourism. Pilgrims from Arab and Muslim countries stopped coming to visit the holy sites in East Jerusalem and Hebron, and local resort-based tourism came to an end. Several months after the onset of occupation, the two bridges connecting the West Bank with Jordan were re-opened for traffic, but initially only under very restrictive conditions.

60. In contrast to traffic across the bridges, the entry of Israelis and foreign tourists into the occupied territory across the "green line" (i.e., the 1949 armistice line between Israel and Jordan) became completely free, after having been almost totally blocked since 1948. This allowed for the continued influx of tourists to the newly occupied territory, not only those coming from abroad but also of a great many Israelis who were curious to visit the territory for various reasons.

61. The mobility of tourists across the bridges was subject to frequent changes after June 1967. After an initial period of total halt of traffic, Israeli and Jordanian authorities agreed to permit the entry of tourists from Jordan into the West Bank across the Allenby Bridge, on condition that they return via Jordanian border points. In view of the impracticalities this entailed, however, it was agreed in 1976 to permit free traffic for tourists

in both directions, without any restriction with regard to point of subsequent departure. Whereas tourists continued to arrive from Jordan across the bridges after 1977, the number of tourists departing via the same crossing was lower.15/ It seems that many tourists preferred to opt for the speedier return journey through Israel or via Rafah in Egypt, rather than through Amman.

62. In October 1981, however, an Israeli government decision again led to the closure of the bridge crossing points in the face of this flow of traffic. At the time, this was reported to have been a sort of protective measure to help the Israeli national airlines confront competition from the Jordanian air-carrier which offered highly competitive rates.16/ It was further revealed that Israeli authorities were concerned by the impact of Jordan's "Come to the Holy-land" tourism promotion campaign which highlighted sites in East Jerusalem and the rest of the occupied territory.17/ The closure lasted for a whole year, with widely felt ramifications for the Palestinian tourism sector. To begin with, tourism enterprises did not know how the closure of the bridge to returning tourists would affect total flows of tourists. This uncertainty came at a time just before the Christmas season when market stability was paramount. In fact, in the months of October and November 1981, the arrival of tourists over the bridges fell by 37 and 26 per cent respectively.18/

63. For most of the period of closure, West Bank travel agencies who had previously brought tour groups over these bridges from Jordan were deprived of most of their usual source of revenue. This had direct consequences for tourist guides, transport companies and hotels, though tourists continued to arrive via Israel. Nevertheless, hotels were operating at only 50 per cent capacity during the 1981 Christmas season. The employment of hundreds of hotel workers was threatened and many were eventually laid off. Numerous appeals for financial support were presented by West Bank tourism enterprises to Jordanian and Palestinian authorities in Jordan. Eventually, assistance to the hotels branch and to tourism agencies and operators, equivalent to around $3 million, was made available by the Jordanian-Palestinian Joint Committee (JPJC) to compensate those most hard hit enterprises for their losses.19/

64. The onset of Israeli occupation also resulted in significant changes with regard to traffic to and from Gaza Strip. Most importantly, Gaza Strip was suddenly opened to visitors from the West Bank and from Israel, while the flow of Egyptian and other tourists to the Strip was halted. West Bank residents were particularly attracted by the long and beautiful coast line of Gaza, whereas Israelis came to the Strip in large numbers for business purposes. The influx of day-visitors in effect became an important form of local tourism which remained of significance to the economy of the Strip until the outbreak of the Palestinian uprising (intifada).

65. Following the complete withdrawal of Israel from occupied Sinai in 1981, two international border points were opened between Israel and Egypt, one at Rafah on the border of the Gaza Strip and another at Taba, to the south of Eilat. This measure resulted in a growing flow of Israeli and foreign tourists across those border points. Most tourists coming from Egypt also visited some touristic sites in the occupied territory, in particular in the West Bank. It is to be noted in this connection that the opening of the Rafah border point has not resulted in a flow of Egyptian tourists, because of apparent continuing Egyptian public reluctance to visit either the Gaza Strip or Israel in the prevailing circumstances. This has deprived the occupied territory of potentially substantial demand form tourists attracted by the Christian and Muslim religious sites in East Jerusalem and other parts of the West Bank,

sacred to millions of Egyptians. In the period up to the outbreak of the uprising, only some 5,000 Egyptian tourists were arriving annually in Israel.20/

66. Procedures for entry from Jordan into the West Bank and Gaza Strip are complicated, cumbersome, and often offensive. Making the trip from Amman to East Jerusalem (a distance of around 70 kilometers) may take a whole day. On the Israeli side of the bridge, Palestinian travellers are subjected to very elaborate "security" checks. Tourists crossing Allenby Bridge are exempted from most of the measures to which Palestinian residents and visitors are subjected, but the journey is sufficiently uncomfortable to encourage them to use Israeli points of entry the next time they consider visiting the country.

67. The prevailing Israeli entry procedures stipulate that Arab nationals are required to produce upon entry their valid passports (except for West Bankers with Jordanian passports and identity cards issued by Israeli authorities). No Arab or Islamic country, with the exception of Egypt and Turkey, has agreed to permit their nationals to enter Israel or the occupied territory. Because of its special historical relations with Palestine and the West Bank in particular, Jordan has agreed to allow its citizens who do not have Israeli-issued identity cards to enter the territory for family visits. However, they must use for that purpose temporary passports issued in exchange for their ordinary passports, which are returned to their owners after their return from the territory. Such visitors to the occupied territory are required to pay a fee of around $40 per passport to The Jordanian authorities when exchanging their regular passports for temporary ones. In order to avoid contravening Arab States' regulations regarding the boycott of Israel, visits to Israel and/or the occupied territory by international tourists should not be registered in passports used for travel in Arab countries, an additional complication to entry/exit procedures

68. The entry into the occupied territory of Palestinian family visitors (i.e. those who do not hold Israeli issued identity cards) across the bridges and through the Rafah border point is contingent on procuring entry permits which are issued only after a thorough security check by Israeli authorities. Every adult over the age of 16 is required by the authorities to apply for a separate permit. In the course of this process, many applications are rejected, usually without reasons being provided. The fees charged on visitor permits are so high that they constitute an important barrier to traffic across the bridges. The fee charged on each permit (as of August 1990) amounted to NIS 346, in addition to a fee of NIS 36 for each companion under 16 years of age. This means that a family of two parents, two adult children, and two minors will have to incur a total fee outlay (for permits only) of up to NIS 1,456 (i.e. the equivalent of some $725 at 1990 exchange rates). As a consequence of the exorbitant levels of fees, unforseen security hazards and excessive harassment at border points, entry to the territory by non-resident Arab nationals has been confined since the onset of occupation to those Palestinians who are able, mostly by virtue of their immediate family relations, to visit the territory. Owing to the completely open nature of traffic between Israel and the occupied territory, it is difficult to provide a quantitative assessment of the net impact of the above-mentioned geographic and physical transformations on the flow of tourists to the occupied territory. While available data on the composition and trends of these flows are examined in chapter III below, it is clear that the overall influx of tourists to the territory has expanded in the wake of occupation. However, the

contribution to the Palestinian economy remains limited, as will be investigated later. Meanwhile, the movement of tourists from Islamic and Arab countries, especially in the Middle East and North Africa, has been severely curtailed, if not stopped altogether.

B. Israeli military regulations and other measures directly affecting tourism

1. The West Bank (excluding East Jerusalem) and Gaza Strip

69. At least 15 military orders and regulations related to tourism have been issued since 1967 by the Israeli military authorities who assumed responsibility for tourism in the occupied territory, excluding East Jerusalem which has been annexed by Israel since 1967.21/ Israeli intervention in the Palestinian tourism sector is most clearly manifested in Military Order No. 87, of 19 September 1967, which stipulated the following:
- (i) Every authority delegated to the responsible official by virtue of the Jordanian Tourism Law No. 45, of 1965, is entrusted to the officer-in-charge of tourism in the Military Government;
- (ii)Every authority, appointment, or license granted in compliance with the 1965 Tourism Law is invalidated, unless it is reactivated by the officer-in-charge of tourism.

70. Since then, the officer-in-charge of tourism in the Military Government (renamed the Civil Administration since the 1980s) has promulgated a number of regulations and orders bearing on the tourism sector in the West Bank.22/ Similar military legislation has been introduced in Gaza Strip, though of a less intricate and interventionist nature given the less developed and less organized nature of the tourism sector there. Current military orders include, inter alia, instructions regarding hotels and motels, the souvenir trade, and tourism and travel agents. Like all other military orders issued during the past 24 years, these orders were formulated solely by Israeli officials and targeted at serving a complex range of Israeli interests.23/ In particular, those orders were used to achieve the following:
- Unrestricted access of all tourists, including Israeli tourists, to touristic sites;
- Raising the requirements for licensing and functioning of tourist institutions, but without availing those institutions with the means necessary for needed improvements. Israeli regulations relative to the quality of services rendered by tourism-related institutions have in some cases led to a marked improvement in the standards of the various branches of this industry. This is evidenced, for instance, by the improvements in tourist travel buses. But as a result of having quality standards raised while being denied access to funding sources, many tourism firms were confronted with serious problems, such as facing the often insurmountable challenge of inequitable competition with Israeli firms or being demoted to lower tourist grades;
- All orders passed since June 1967 have included an article permitting the officer-in-charge to relax or tighten those orders as deemed fit. This has engendered a marked degree of uncertainity in regard to development activities envisaged by Palestinian tourism firms. For instance, field investigations revealed that two hotels in Bethlehem were denied their certificates of classification for five years without any explanation being given for this measure. Likewise, another hotel in Bethlehem was not granted a license for selling tourist articles, again with no explanation;

- All tourism-related orders were required to comply with loosely defined "security needs". In some cases, like the stationing of soldiers on roof tops of hotels in East Jerusalem, "security" measures had devastating consequences for branches of the tourism sector.

71. Locations with natural or resort touristic potential were placed under the jurisdiction of the military government. This was effected through two offices affiliated to the Civil Administration, one for "nature reserves" and the other for "national parks". Instead of taking the initiative in planning and promoting tourism in the West Bank, the said offices were mainly concerned with pursuing a wide range of Israeli interests, especially those related to Israeli settlement plans in the occupied territory. As such, the activities of those two units have at times entailed adverse consequences for the interests of the local population, especially as relates to tourism.

72. The West Bank Office of National Parks is located within the Israeli National Park offices in the Israeli city of Tel Aviv. The Office is supposed to "maintain and operate parks in the area, and to present plans for declaring new parks".24/ However, the focus of the work of the Office is best witnessed by the list of parks already declared, which includes, for example, the "Peace on Israel" synagogue in Jericho, "Hashmonean Palaces" in Jericho, Herodian, Qumran, and Sebastia, all of which essentially are identified with Israeli and Jewish historical locations or events.

73. The Office for Nature Reserves is affiliated to the Civil Administration's headquarters. The principal functions of this Office include the "locating of special nature areas and declaring them nature reserves".25/The identification process is carried out by the Central Planning Council of the Civil Administration, which resorts to declaring extensive areas of land as nature reserves, in an effort which usually results in restricting the area of land available for use by local residents. Moreover, those nature reserves which were developed for touristic purposes were affiliated to nearby Israeli settlements in the occupied territory and are generally inaccessible to Palestinian residents.26/

74. An important obstacle to tourism in the Jericho area and other parts of the Jordan Valley (including the Dead Sea) is the military's prevention of traffic on roads leading to those parts of the country between 6 p.m. and 6 a.m.. This measure was instituted in the early years of occupation, presumably for security reasons. Predictably, it has had drastic consequences for domestic tourism for areas which otherwise exhibit strong potential as winter resorts.

75. A related security-based restriction is the closure of the West Bank side of the Dead Sea coast (originally 37 kilometers long) to visitors, except for a very narrow strip around Ein Feshkha. This latter location was turned into a "public park" operated by the Office for Nature Reserves in the Civil Administration. Banning public access to most of the West Bank side of the Dead Sea has prevented Palestinians from taking advantage of its touristic potential, not to mention its natural resource potentials (mining and quarrying).

76. Further expansion or development of tourist facilities is severely constrained by the complications relative to procuring needed construction licenses. Unlike applications submitted by individuals for private construction, applications for such purposes as hotel construction or

renovation have to be approved by the Central Planning Council. The said council consists only of Israeli military officers, some of whom represent Israeli settlement authorities. The Council's record of approvals is very low, especially since the Likud assumed power since 1977. The number of construction permits issued by the Council dropped sharply from 1047 in 1974 to 340 by 1983 and has gone even lower since then.27/

2. Israeli regulations in occupied East Jerusalem

77. During the first weeks of occupation of East Jerusalem, Israeli military authorities undertook some drastic steps directly affecting the tourism sector in the city. The authorities confiscated 12 new buses owned by a large Palestinian tourist travel company and placed them in military service for six months. The Israeli army also took control of the largest hotel in East Jerusalem and used it as its command base for the West Bank until 1976. Following the annexation of East Jerusalem in June 1967, overall responsibility for tourism in the city was effected through the Israeli Ministry of Tourism. The Ministry has implemented a range of policies aimed at facilitating greater exploitation of the enormous touristic potential generated as a consequence of the occupation of the eastern part of Jerusalem, and the promotion of touristic sites in that part of the city within the context of the Israeli tourism sector. The legal and administrative separation of East Jerusalem from the rest of the occupied West Bank put an abrupt end to the smooth and cohesive growth of a Palestinian tourism sector centred on the attractions of East Jerusalem.

78. An important manifestation of the impact of the annexation of East Jerusalem on the city's tourism sector was the policy adopted by Israeli tourism promotion institutions whereby the entire city began to be identified as the capital of Israel. This policy, inter alia, prompted Jordanian tourism authorities to eventually reduce their own promotional efforts pertaining to the holy city, thereby leaving the international arena open to sophisticated and effective Israeli marketing and media compaigns. Over the years, this has facilitated a larger degree of Israeli penetration into tourist-generating countries.

79. On the other hand, local tourism to East Jerusalem is further constrained by the prohibition by the Israeli authorities of West Bank and Gaza Strip residents remaining in the city overnight. More recently, since the uprising, Israeli regulations have rendered access to East Jerusalem (or to Israel) contingent upon the issuance of a permit which specifies the times and places of validity of entry to the city. Furthermore, the annexation of East Jerusalem has led to a state of confusion and has divided loyalties among those working in the Palestinian tourism industry. On the one hand, they were inclined to boycott Israeli tourism institutions, while at the same time they were strongly motivated to do their best to promote tourism in their city. Ultimately, this was seen to involve some degree of cooperation with the authorities and "legitimization" of Israeli sovereignty over the city. However problematic, such cooperation was inevitable and indeed necessary to ensure that the Palestinian part of the tourism sector in the city was not neglected or totally ignored in municipal or government policies and measures affecting tourism.

80. The policy of issuing construction licenses for new hotels in East Jerusalem is considerably more strict than that in other parts of the West

Bank. A prominent example is the persistent denial of a license to a prominent Palestinian Jerusalemite for the construction of a new hotel, despite many years of negotiations with the Municipality of Jerusalem. Meanwhile in addition to the absence of institutional forms of credit, the tax burden on Palestinian tourism institutions, especially in East Jerusalem, has placed particular constraints on entrepreneurs. This has limited their ability to mobilise the capital for undertaking the improvements and expansions necessary for maintaining a competitive position vis à vis Israeli enterprises.

3. Predominance of Israeli tourism enterprises and restrictions on access by Palestinian enterprises

81. Tourism and related facilities in West Jerusalem operated until 1967 on a relatively small scale, owing to the marked scarcity of religious or other sites of touristic interest in that part of the city. In fact, until 1967, the Israeli tourism sector was more oriented to ancient Roman ruins and sites of natural beauty. But the situation in this regard took a sharp turn after June 1967, when foreign and Israeli tourists were suddenly accorded free access to all locations in the newly occupied territory, including East Jerusalem. Tourists, incluidng Israelis, made extensive use of Palestinian facilities, such as hotels, transportation firms, restaurants, souvenir shops and tour guides. The well-established tourism infrastructure in that earliest period was capable of catering to the growth in demand, and the level and quality of services was at internationally acceptable levels. However, the situation changed steadily and markedly as of the late 1970s, as will be seen later. Israeli policy measures favoured Israeli enterprises at the expense of the Palestinian tourism sector, with an increasingly debilitating effect on the latter. Palestinian tourism enterprises in the occupied territory were gradually squeezed out of their traditional market, with little chance of recourse to financial aid, policy encouragement and promotion, or other forms of assistance.

82. Motivated by predominantly economic factors, the Israeli Ministry of Tourism embarked, as of the 1970s, on a vigorous policy aimed at promoting the full range of Israeli tourism supportive facilities. This effort was focused in two directions, namely: launching a vigorous marketing strategy which capitalised on the new wealth of shrines and sites accessible to tourists; and introducing massive improvements in local facilities and tourism-related infrastructure. This policy often incorporated significant subsidy components to business enterprises operating in the area of tourism. For instance, Israeli hotel owners are offered long-term loans at concessional interest rates, and sometimes with part of the loan being turned into a grant. The Israeli Law for the Encouragement of Foreign Investment offers especially advantageous credit terms, tax rebates and other concessional measures for new investments in the tourism sector. The existing similar laws and regulations prevailing in the West Bank until 1967 are all set aside. New Israeli tourism enterprises are eligible for tax exemptions or reductions, especially when they face unexpected troubles, as witnessed since the outbreak of the uprising and the marked fall in tourist arrivals in 1988 and since. Goods imported by hotels and other firms in order to upgrade their services are subject to partial or total tariff exemption. Vigorous government support to Israeli tourism enterprises active in both Israel and the occupied Palestinian territory has proved to be a major impediment to fair and equitable competition with the counterpart Palestinian enterprises, which are totally deprived of such subsidization and aid.

83. The incentive to simultaneously assert greater Israeli control and penetrate the tourism sector in the occupied territory has gained additional momentum since the Palestinian uprising. Among other motives, Israeli tourism officials were determined to minimize the impact of the disturbances associated with the uprising on income accruing to Israeli enterprises in this sector. In establishing maximum control over all stages of the tourism cycle, the main objective from an Israeli perspective is to maintain a "captive tourist market" from arrival to departure. Consequently, the great majority of tourists are brought by Israeli national airlines or sister charter firms, placed in Israeli hotels after their arrival, transported by Israeli tourist buses, accompanied by Israeli guides and encouraged to patronise Israeli souvenir shops and entertainment establishments, even in the predominantly Palestinian quarters of the old city of East Jerusalem. This trend has been further reinforced by tourists' increasing desire for better quality, more prevalent in Israeli tourism facilities, with the subtle encouragement of Israeli tourism enterprises and officials. Such profound pressures and transformations have resulted in the effective separation of Israeli and Palestinian tourism sectors and the marginalization of Palestinian tourism facilities, at the same time as the Palestinian tourism attractions have been merged within a single unified marketing package to promote tourism to Israel.

C. Transport and communications

84. The road system in the occupied territory, especially in the West Bank, has been subject to drastic changes during the post-occupation period. The main thrust of government policy in this regard is to serve the settlement and security interests of Israel. The total length of class "A" roads in the West Bank increased from 368 kilometers to 731 kilometers by 1987.28/ The additional length of 363 kilometers has been fully targeted to serve Israeli interests. All new roads were aligned in conformity with Israeli geo-strategic considerations (mainly on east-west axes, linking Israeli settlements in the occupied territory with metropolitan areas in Israel), which renders them of little use to Palestinian residents or the needs of developing Palestinian tourism infrastructures.

85. The existing road system serving the Palestinian population did not witness fundamental changes. Road maintenance is at minimal levels, and repairs are effected only when roads deteriorate to a very poor condition. In most cases this situation may not have greatly undermined the Palestinian tourism sector, since tourists remained largely confined to the Jerusalem-Bethlehem metropolitan area where roads are of good quality.

86. Improvements in telecommunication facilities in the occupied territory were slow during the post-1967 period. Telephone systems in major towns like Nablus, Jenin and Tulkarm grew obsolete, with exchanges, equipment and lines in need of renewal. Since the early 1980s, however, all major towns have been linked with new automatic telephone exchanges and improved telex connections. Under normal circumstances, these are connected to the international exchange, though occasionally some are disconnected as a form of collective punishment, as was the case for many months during the first year of the uprising.

87. The telecommunications system in East Jerusalem was treated differently from that in other parts of the occupied territory. It was connected and integrated within the Israeli system only a short time after the annexation

of the city. Consequently, the telecommunication services available to enterprises involved in the tourism sector in East Jerusalem were of a satisfactory standard, with access to international lines, telex, cable and, more recently, facsimile facilities. The latter are also increasingly used in all parts of the occupied territory, where telephones are connected with the automatic exchange.

D. Tourism promotion policies, facilities and strategy

88. The absence of any planning, coordination and central guidance and support for the Palestinian tourism sector is an especially debilitating factor limiting the scope for its development in the prevailing circumstances. The Government of Jordan closed down its tourist information and related offices in the West Bank soon after the onset of Israeli occupation, though it continued to facilitate tourism to the occupied territory via Jordan until 1988. While the tourism sector in Jordan has benefited from vigorous and continuous public and private sector promotional activities, this has not been directly of use to the Palestinian tourism sector. Only insofar as it has been possible, and desirable, to add the West Bank to the established itineraries of tours to Jordan has Palestinian tourism felt the effects of such promotional efforts. The impracticalities of trying to actively promote tourism to an occupied territory, including awkward or complex border and transport formalities, have discouraged national tourism authorities in Jordan from exerting a more explicit effort to promote tourism to the territory. Though the long-standing links between West Bank and East Bank tourism have remained in terms of the simultaneous presence of Palestinian tourism enterprises in both areas and the continued applicability of Jordanian regulations and standards in the West Bank, the vitality and interdependence that had begun to emerge prior to 1967 are no longer there.

89. On the other hand, no local institution has endeavoured or been encouraged to perform promotional services for this sector. In early 1990, the Arab Studies Society in East Jerusalem set up a Tourism Research and Information Unit, which did not define a promotional orientation for itself. It was only in 1990 that the Arab Hotels Association put out its first-ever coloured promotional leaflet on tourism in the occupied territory with a very brief description of important touristic attractions in the West Bank. However well-intentioned, these disparate efforts have come too late and have insufficient coverage to be able to compete with the pervasive efforts made to promote the Israeli tourism sector.

90. Overall, activities aimed at promoting the Palestinian tourism sector remain very limited owing to a lack of funding and the general absence of any strategy or coordinated policies by and/or between the different enterprises and associations which constitute the sector. As with other sectors of the domestic economy, institutional forms of guidance, planning and coordination are practically non-existent. These issues are usually left unattended, or else are dealt with in a piecemeal and haphazard manner, with minimal impact on sectoral performance. Certainly, the prevailing climate of insecurity and the forfeit of the authority of economic management to the occupying power have made it unlikely that a coherent and comprehensive strategy for tourism promotion and sectoral development could be elaborated, much less implemented. This state of affairs has had the undesirable effect of rendering the Palestinian tourism sector increasingly vulnerable to the vagaries of the prevailing political and security situation, not to mention factors emanating

from Israeli tourism branches. However, while the latter are relatively well equipped to withstand the recurrent disruptions affecting tourist flows, the Palestinian tourist sector has no sources of compensatory funding, policy guidance and coordination, or other forms of "insurance" to help it maintain itself in times of crisis. The period since 1988, and in particular the impact of events in the Middle East in 1990 and 1991, provide telling examples of the crippling impact on Palestinian tourism activities of the continued absence of sector-wide planning, coordination and promotion.

91. The absence of a sectoral plan and programme, along with the lack of a strategy and mechanism for coordination and management, is equally detrimental with regard to investment in the tourism sector, especially in a situation such as that prevailing in the occupied territory. With regard to the modern Jordanian tourism sector, it has been noted that "the role of the central government is crucial in setting a clear tourism policy; for unless the government encourages investment in the sector by demonstrating its own confidence, private and overseas investors will not be forthcoming and tourism will not develop to its deserving potentials."29/ This observation is of course equally relevant to the Palestinian tourism sector, where the level of investment (both for renovation or as start-up capital) is noticeably low in most branches, as is discussed in the following sections. While the underlying reasons for this are more complex than simply the absence of sectoral, planning, promotional and support mechanisms, this does play an important role in inhibiting would-be investors, both domestic and foreign, from taking what they consider to be unwarranted risks in a situation where the returns of such investment are far from certain, assuming that the local financial system is even capable of absorbing and managing such investment.

Chapter III

THE ROLE OF THE PALESTINIAN TOURISM SECTOR, 1967-1990

A. The new regional setting after 1967

92. By any measure of sectoral performance, Palestinian tourism in the occupied territory has witnessed sharp and debilitating decline since the onset of Israeli occupation in 1967. This is clear no matter how the Palestinian tourism sector is defined, be it in the narrow sense of those branches strictly dedicated to the international tourist market, or in the broader sense comprising those domestic branches which cater to the domestic, export and tourist markets. The critical position reached by Palestinian tourism is reflected in (absolute) precipitous falls in activity, increasing marginalisation and contraction of major indicators at the sectoral and branch levels. The deterioration of the tourism sector is equally evident in its (relatively) diminishing role in the occupied territory as compared to neighbouring economies. This chapter investigates aggregate indicators of sectoral performance in both their domestic and regional contexts. The subsequent chapter examines trends in, and the interaction between, different tourism branches in the occupied territory, embracing both functions of providing services and producing goods.

93. Though not always quantifiable, the regional dimension of the deterioration in sectoral performance (and in particular the impact of Israeli occupation policies) is central to an understanding of the underlying causes of the dilemma faced by Palestinian tourism and the prospects for its eventual revival. As of 1967, the Palestinian tourism sector become an important complementary attraction for other tourism sectors (in Israel, Jordan and to a lesser extent, Egypt), which competed for the same international market. The pre-1967 direct international access enjoyed by the Palestinian tourism sector was at first re-organised via Jordanian tourism channels. Jordanian government and private sector agencies maintained a range of supportive measures in favour of Palestinian tourism enterprises and branches after 1967, thus guaranteeing them a measure of survival and "steadfastness" under Israeli occupation. Soon after 1967, however, the pressures for re-orientation of routes, contacts and trade via the Israeli tourism sector became overwhelming.

94. On the other hand, unlike post-1967 arrangements via Jordan which permitted the projection and marketing of the traditional Palestinian image of tourism in the occupied territory, Israeli intervention in the sector was all-pervasive and encouraged identification with Israeli national and cultural symbols. This at once excluded and 'disenfranchised' Palestinian tourism service suppliers vis à vis the tourism sector of the occupying power. The dynamics of the burgeoning international tourism industry on the one hand, and the "disintegrative" physical and policy impact of occupation increasingly fragmented and weakened domestic branches and linked the fortunes of Palestinian tourism to the market supplied via Israel. This was especially the case as a result of the 1967 annexation by Israel of East Jerusalem,the centrepiece of the Palestinian tourism sector. Thus, tourism in the occupied Palestinian territory gradually became a sort of sub-contractor to other tourism producers active internationally, rather than realising its potential for the relatively unfettered and vigorous international market presence that was implied by its 'resource endowment' and past performance.

95. Considerable costs have been entailed as a result of the forfeit of market flexibility and development potentials of this vital sector under Israeli occupation. Despite the inadequacies it still exhibited, in the years prior to 1967 tourism had become one of the few sectors in the domestic economy to benefit from a real 'natural resource' that bestowed a clear international comparative advantage on the occupied territory. Though these costs in terms of foregone market access, lost policy opportunities and waste of growth potential are irreversible, Israeli occupation also opened at least one new market for the Palestinian tourism sector, though on unequal and tentative terms, and of marginal importance in balance-of-payments effect. The emergence of a form of "local tourism" by Israelis freely entering the occupied territory and patronising certain constitutive branches of the domestic Palestinian tourism sector has hardly compensated in scale or tangible benefits (investment, institutional development or income generation) for the loss of the substantial "local tourism" from Jordan and Egypt of the pre-1967 period. While the latter has not totally disappeared, it has re-emerged in a less certain and lucrative form since 1967 in the shape of summer visits by Palestinian family members, in an undefined area between "local" and "international" tourism.

96. This exemplifies the different forms of "complementarity" that Palestinian tourism has experienced with tourism sectors in neighbouring Arab economies as compared to the generally debilitating linkages with Israeli tourism branches. The situation in the occupied territory since the beginning of the uprising has been especially discouraging to tourism there. With the impact of the 1991 regional crisis still evident, Palestinian tourism today faces effective liquidation as a cohesive and growth-stimulating sector.

B. Arrival of international visitors and tourists

97. Available statistics on the occupied territory suffer from a range of deficiencies in general, and in particular regarding tourism. Some of these problems stem from the intangible nature of much of what is included under the broad heading of tourism, akin to the problems encountered in other studies of international tourism.30/ These include definitional problems regarding classification of tourism activities, the monitoring and quantification of "local tourism" flows (including Palestinian summer visitors) and inadequate and imprecise measurement methods. Furthermore, East Jerusalem is excluded from official published data on aggregate tourism indicators for the occupied territory and are included in an incomplete and indistinct manner in statistical series pertaining to Israel.31/ This renders some of the comparative data less useful as regards the exact position of tourism in the occupied territory.

98. However, reference to selected data on tourist arrivals, relevant sectoral national income indicators, partial employment data, and balance-of-payments statistics is adequate for present analytical purposes. Subsequent sections of this study rely on branch and other data to complete the quantitative picture. Needless to say, this investigation remains limited by the many "grey" areas of tourism activities in general (invisibles), and the special difficulties posed in discerning the size and features of the Palestinian tourism sector, which has struggled to maintain its distinct identity after almost 25 years of Israeli occupation.

99. An essential indicator of the size and composition of the international market for tourist services and goods is found in data on arrivals of international visitors. They are defined by the World Tourism Organisation as anybody "who travels to a country other than (their) usual residence, the main purpose of whose visit is other than the exercise of an activity renumerated within the country visited... for a period of one year or less."32/ This covers: tourists, who stay for between one night and one year in the country visited for purposes of pleasure, holidays, culture, sports, family visits, professional/business mission, pilgrimage, studies, etc.; and those on excursions who do not stay overnight in the country visited. In the case of the occupied territory the distinction between tourists who stay there and those who stay in Israel only to venture selectively into the territory is important in terms of income accruing to hotels, transport and related facilities, but available data makes it difficult to analyze separately the two types of visitors.

100. There are three sources of arrivals of international visitors to the occupied territory (and departure, though sometimes different points are used in each direction), one of which is via Israel and the other two of which are from/via Jordan and Egypt. The former comprises non-Arab tourists to Israel, all of whom spend at least part of their visit in the occupied territory, especially in East Jerusalem either as 'tourists' or as 'excursionists'. They constitute the major market for the Palestinian tourism sector, notwithstanding the dominant role of Israeli tourism enterprises in the process. Of the visitors arriving from Jordan or Egypt, the bulk are Palestinians (almost all with Jordanian nationality) resident outside the occupied territory who come on summer visits to their families and/or homes in the territory. The remainder are non-Arab tourists to the Middle East, who begin their visits in Jordan or Egypt, cross into the occupied territory and then return home by the same route, or else return home via Israel. Occasionally, tours are conducted in the opposite direction.

101. One set of official Israeli data on arrivals via the bridges does not differentiate visitors by nationality, but it does allow a distinction to be made between tourists to Israel via this source and other visitors crossing the bridges. Another series provides a regional/country breakdown of all tourists entering Israel, without specifying point of entry. Some Jordanian data for recent years also provide a more precise idea of the origin of visitors crossing the bridges into the occupied territory. The following paragraphs review these issues from different angles, permitting an approximation of the trends in tourism arrivals since the Israeli occupation of the West Bank and Gaza Strip.

102. As shown in table 3, the movement of visitors (comprising Palestinian visitors) to the occupied territory over the Jordan river, the historic route between Palestine and the Arab hinterland, fell by over half in the 1980s, after having steadily increased until a peak of 134,000 arrivals in 1981 . By that year, Palestinian migrant labour in neighbouring Arab countries was at its high point, incomes were relatively good and circumstances encouraged summer holiday visits to the occupied territory. However several factors intervened to diminish this flow in 1981/82. These included the slowdown in regional economic activity, coupled with the 1982 Israeli invasion of Lebanon and disturbances in the occupied territory, as a result of which family visits fell to a low point, only to briefly regain higher levels before plunging as of 1985. Only partial data are available for 1987 onwards, though the indications point to a continued fall in arrivals of Palestinian visitors to the occupied territory via its main entry points.

Table 3. Movement of visitors to the occupied Palestinian territory, (West Bank and Gaza Strip) by entry/exit point, 1976, 1980-1987

	Entry/exit points			
	Rafah checkpoint[a]/	Damia Bridge	Allenby Bridge	TOTAL
1976				
Arrivals	-	45193	74650	119843
Departures	-	45474	73870	119344
Balance	-	-281	780	499
1980				
Arrivals	15674	46982	62660	125316
Departures	16983	46364	61891	125238
Balance	-1309	618	769	78
1981				
Arrivals	23645	44086	66570	134301
Departures	23530	44854	64477	132861
Balance	115	-768	2093	1440
1982				
Arrivals	18006	20772	41071	79849
Departures	17695	20525	37048	75268
Balance	311	396	4023	4581
1983				
Arrivals	22874	24420	40636	87930
Departures	22208	22976	37246	82430
Balance	666	1444	3390	5500
1984				
Arrivals	21942	27456	41236	90634
Departures	22458	28150	38818	89569
Balance	-516	-694	2418	1208
1985				
Arrivals	18131	22671	27838	68640
Departures	16876	23899	27794	68569
Balance	1255	-1228	44	71
1986				
Arrivals	18488	21124	24738	64350
Departures	16983	21015	24649	62647
Balance	1505	109	89	1703

Sources: Data for 1976 and 1981: Israel, Central Bureau of Statistics, Judea Samaria and Gaza Area Statistics, Vol. XV, No. 1 (Jerusalem, CBS, 1985), p. 2; data for 1980 and 1982-86: Israel, Central Bureau of Statistics, Judea Samaria and Gaza Area Statistics, Vol. XVII, No. 1 (Jerusalem, CBS, 1987), p. 2.

a/ Prior to 1967, the Rafah checkpoint was closed to all movement of visitors in either direction.

103. Of the three entry points into the occupied territory, Rafah checkpoint is the only one into Gaza Strip open to visitors since normalisation of relations between Egypt and Israel. In addition to Palestinian 'visitors' originally from Gaza Strip who come on summer visits via Egypt, the checkpoint serves a number of international tourists on tours of Israel and one or more neighbouring countries (not shown in table 3).33/ The flow of family members into the occupied territory, especially in the months of July and August when the bulk of visits are made, is a significant source of general consumption expenditure for the domestic economy as a whole and also carries with it an unknown proportion of the unrequited transfers reaching the occupied territory. But the impact on the tourism sector per se is minimal, owing to the fact that once they arrive visitors are accommodated with family members and hardly patronise the constitutive branches of the tourism sector.

104. A more precise estimate of the number of tourists arriving via the bridges into the occupied territory is presented in table 4. Tourists in this case are mainly of non-Arab nationalities, but according to Israeli data as much as 10-15 per cent annually are West Bank or Gaza Strip Palestinians of Jordanian nationality who receive tourist visas for family or business visits. A trend similar to that of arrivals of Palestinian visitors characterises the movement of tourists to Israel via the occupied territory. This flow increased in the 1970s and peaked in 1980, only to fall sharply in 1982.

105. In addition to the above-mentioned factors at play that year, the Israeli authorities decided to abrogate unilaterally the agreement regarding the free passage of tourists between the occupied territory and Jordan in both directions. For a year the authorities refused to permit tourists crossing into the occupied territory to return via Jordan, thus deterring many prospective vacationers from going to Jordan or the occupied territory.34/ Arrivals regained higher levels until 1987 and the beginning of the Palestinian uprising. Since then, tourist flows have dropped sharply, to low levels not known since occupation. Meanwhile, the proportion of tourists arriving via the bridges who choose to depart by way of another route (via Israel or Egypt) has fluctuated annually between 10 and 35 per cent, with no significant trend discernable.

Table 4. Entry of tourists to Israel via the West Bank (Jordan River bridges), 1977, 1980-1990

YEAR	1977	1980	1981	1982	1983	1984
Arrivals	57372	76643	71091	44690	65749	64586
Departures	36303	65613	58898	16678	43416	48702
Balance	21069	11030	12193	28012	22333	15884
YEAR	1985	1986	1987	1988	1989	1990
Arrivals	62320	46028	61241	38421	37591	35230
Departures	50489	40905	51687	31119	28877	28156
Balance	11831	5123	9554	7302	8714	7074

Sources: Israel, Central Bureau of Statistics, Statistical Abstracts of Israel, (Jerusalem, CBS, 1978; 1981-91),Table 4.2.

106. The trends in arrivals to the occupied territory noted earlier are not isolated from developments in the 1970s and 1980s in international and regional tourism, notwithstanding the special circumstances affecting tourism in the Middle East. In 1988 the World Tourism Organisation observed:

> "...quantitative and qualitative changes occurring in tourism demand and supply. From the standpoint of international demand, tourist flows display a high degree of concentration (from) developed countries, (while) there is a trend toward regional and sub-regional integration. The more developed a region or sub-region is, the more important intra-regional tourism, the greater the interdependence and degree of integration between generating and receiving countries, the greater the autonomy and the stability of tourism flows. This interdependence and integration between generating and receiving countries constitutes a goal to be attained in the regions and sub-regions where interregional tourism still predominates."35/

Though of great potential relevance in the Middle East region, this goal has remained elusive owing to the continued conflict, closed borders and other factors of instability there.

107. Table 5 highlights the significance to the Jordanian economy of the loss of the West Bank and of subsequent regional instability, as manifested by the sharp fall of international arrivals after 1966. Significant efforts were required over almost a decade to re-orient and restructure the domestic tourism sector and bring international arrivals to Jordan back to pre-1967 levels. By contrast, tourist arrivals to Israel more than doubled in the same period, owing mainly to the acquisition by Israel of the access routes to the touristic attractions of the occupied Palestinian territory.

108. Table 5 also reveals that the relative slowdown of tourist arrivals to Israel in 1980-1987 (as compared to the growth of the 1970s) was mirrored in Jordan and (to a lesser extent) in Egypt, the two regional markets bordering Israel and the occupied Palestinian territory. However, conditions in Israel and the occupied territory since 1987 have reversed the rising trend there, while visitor arrivals to Egypt and Jordan have continued to grow, albeit sluggishly. Though the available data for Israel refer to tourists and those for Egypt and Jordan adopt a wider definition, preliminary data for tourist arrivals to Israel in 1990 indicate an even sharper fall back to a level below that of 1980. There is no evidence to suggest that 1991 brought any improvement. This divergence highlights, inter alia, the severe impact that domestic conditions have had on the fragile Palestinian tourism sector, while depression in regional trends has been less pronounced.

109. Though less significant than data on total tourist flows/arrivals, information on the geographic distribution of tourists by region/country of origin is a useful indicator for marketing and strategic considerations. The issue has especially important foreign exchange connotations, as tourists from developed market economies have generally higher and more varied expenditure patterns in the country being visited. Thus, while the occupied territory lost almost all the tourism demand from Arab, Islamic and Asian countries after 1967, it experienced a restructuring of its access to international markets, though not a significant interruption of supply of tourists from Europe and the Americas.

Table 5 Jordan, Israel and Egypt: arrivals at frontiers of visitors[a] from abroad, by region of origin, selected years
(thousands)

Destination/origin	1966[b]	1970	1975	1980	1985	1987	1988	1989
Jordan/Total	616.8	321.6	707.6	1635.6	1889.9	1897.9	2391.1	2278.1
Thereof/Americas	56.5	4.1	37.8	76.5	60.8	47.2	47.6	48.3
Thereof/Asia	398.3	264.0	c/	1072.4	961.1	1105.4	1406.8	1392.4
Thereof/Europe	87.9	14.9	44.2	139.6	109.7	99.8	108.0	127.1
Israel/Total	289.7	419.0	559.0	1065.8	1264.4	1378.7	1169.6	1176.5
Thereof/Americas	110.4	193.2	210.4	320.2	456.0	380.0	325.4	343.6
Thereof/Asia	6.8	22.1	30.9	26.6	67.7	81.6	64.6	82.6
Thereof/Europe	152.8	156.9	270.1	647.1	676.9	839.8	711.5	695.8
Egypt/Total	291.6	345.0	768.5	1195.1	1518.4	1794.9	1969.5	2503.4
Thereof/Americas	29.1	23.2	75.8	179.0	212.0	149.0	164.1	200.5
Thereof/Asia	115.8	87.5	284.0	325.6	483.0	610.0	596.0	714.5
Thereof/Europe	90.9	53.6	230.2	494.2	602.1	788.6	943.7	1062.1

Source: World Tourism Organisation, Statistics Section, 1991.

a/ Data for Jordan and Egypt refer to international visitors, covering international tourists and international excursionists (i.e., visitors who do not stay overnight); data for Israel refer to international tourists only.

b/ Data for Egypt refer to 1967, since data for 1966 are not available.

c/ Data for 1975 on the total number of visitors to Jordan from Asia are not available.

110. A useful indication of the significance of pilgrimage to Muslim holy sites in the West Bank is provided by the sharp drop between 1966 and 1970 in visitor arrivals to Jordan from Asia. Though this source remains the essential component of tourism flows to Jordan, accounting for some two-thirds of tourist arrivals, the loss of the attractions of the occupied Palestinian territory was certainly difficult to bear. There was little to be done to regain that part of the tourist market that used to come to Jordan primarily for purposes of pilgrimage or religious tourism. On the other hand, the Asian tourist market remains an element sorely missing from the composition of tourists to Israel, compared to its potential which is clearly indicated by data for Jordan. Meanwhile, Egypt appears as a strong competitor with Israel for European tourists, though Israel has captured a significant share of tourists originating in the Americas who used to visit the holy land via Jordan.

111. As noted, the flow of tourists to the occupied territory via Jordan has been an important component of total arrivals and a concrete manifestation of the sustenance of complementary links between the Palestinian and Jordanian tourism sectors. Official Jordanian data on the size of this flow and its composition by region/country of origin for 1987-1989 are presented in tables 6 and 7. The sharp fall in departures of tourists via Jordan to the occupied territory since 1987 is evident in a 28 per cent decrease between 1987 and 1989, especially of tourists from Europe (38 per cent), while tourist arrivals from Australia and New Zealand actually grew over both years. These trends have been accompanied by a slight restructuring of tourists according to origin, with the share of the Americas and Oceania combined growing from 40 to 47 per cent. However, the exceptional circumstances of that period have not yet changed to the extent that these recent developments constitute definite market trends.

112. Meanwhile, Table 7 shows that of those 71,000 international tourists arriving in Jordan in 1989 as part of package tours, a third also visited the occupied territory, a tendency most pronounced among tourists from the United States, 83 per cent of whom arrived in Jordan via package tours which continued on to the occupied territory. A comparison of data in the two Tables also indicates the significant role of package tour arrangements in facilitating the entry of international tourists to the occupied territory over the bridges via Jordan. Of all those tourists entering the occupied territory over the bridges in 1989 (not necessarily the most typical year, but the only one for which data are available), 73 per cent arrived with package tours. Marketing and publicity openings, the ability of tour agents on both sides of the river to manage the complex communications and transport facilities and other elements such as tour guiding all appear to favour a role for tour operators in this particular element of the flow of tourists to the occupied territory.

Table 6. Departures of tourists from Jordan to the West Bank, by selected region and country of origin, 1987-1989

YEAR	1987		1988		1989	
	(thous.)	(%)	(thous.)	(%)	(thous.)	(%)
REGION/COUNTRY						
TOTAL	42.5	100.0	32.8	100.0	30.2	100.0
Americas total	15.8	37.3	15.3	46.8	12.2	40.4
thereof: Canada	0.6		0.6		0.7	
U.S.A.	14.7		14.3		10.8	
Europe total	21.4	50.4	14.2	43.4	13.3	44.0
thereof: France	2.4		1.3		1.3	
Germany	4.2		3.6		2.3	
Italy	4.3		1.6		2.5	
Spain	2.0		1.0		1.1	
Sweden	0.9		1.1		1.0	
United Kingdom	2.5		2.0		2.1	
Oceania total	1.5	3.3	1.5	4.7	2.1	7.0
Other (Asia/Africa)	3.8	9.0	1.7	5.1	2.6	8.6
thereof: Japan	.4		0.3		0.4	

Source: Jordan, Ministry of Tourism and Antiquities, Department of Studies and Planning, (1990)

Table 7. Departures to the West Bank of visitors in package tours to Jordan, by selected country of origin, 1989

ORIGIN	Tourist arrivals to Jordan through tour agents (1)	Tourist departures from Jordan to the West Bank (2)	Percentage share: (2)/(1)
TOTAL	71623	22240	32.5
Thereof:			
Canada	460	342	74.4
U.S.A.	10854	9034	83.2
Austria	4468	173	3.9
Belgium	789	387	49.1
Finland	9446	504	5.3
France	7777	767	9.9
Germany	7706	2131	27.7
Italy	11873	2323	19.6
Netherlands	491	204	41.5
Spain	2111	1020	48.3
Sweden	747	372	49.8
Switzerland	606	101	16.7
United Kingdom	4699	1665	35.4
Yugoslavia	435	344	79.1
Hong Kong	963	694	72.1
Japan	1316	189	14.4
Australia	1470	338	23.0
New Zealand	457	113	24.8
Others	4955	1539	31.1

Source: Jordan, Ministry of Tourism and Antiquities, Department of Studies and Planning, (1990)

C. The economic role of tourism and of travel/tourism payments

113. The essential and growing role of tourism in economic (and socio-cultural) development is recognised universally. The World Tourism Organisation's most recent economic review of international tourism affirms that "because of its direct and indirect relationships with other sectors, tourism can act as a motor for national economic development. As a personal service activity, tourism has the capacity to generate substantial employment... Tourism activity is localised according to various factors; it is characterised by a lower degree of concentration than industrial activities and plays an important role in regional development in many developing and developed countries...As a generator of foreign currency, tourism contributes to the diversification of foreign currency earning and a stable balance of payments..."36/

114. Available national accounts data for the occupied territory (and indeed for many other economies) do not permit detailed investigation of the sectoral performance of tourism. "Considering its heterogeneity and complexity, it may be affirmed that tourism, as an economic sector, is a different concept to define in a uniform way for all countries."37/ Tourism activities fall within the aggregated "Tourism, Trade, Transport, and other (private) services" sector. These include significant activities not related to tourism such as domestic and international commercial activity, a range of personal services (including repair services and professional services) and the bulk of transport branch activity, which is mainly dedicated to domestic passenger travel and shipment of goods. This leaves other services (hotels, restaurants, travel services and a part of transport, retail trade and financial services) to constitute an unknown proportion of total output of this sector. At least one non-service branch that attracts tourist expenditure (in a good example of the intersectoral linkages promoted by tourism) is the handicraft manufacturing branch, which accounts for an important part of industrial activity in East Jerusalem and other West Bank cities like Bethlehem, Beit Sahour and Hebron.

115. Table 8 shows the sectoral distribution of gross domestic product (GDP) in the occupied territory between 1972 and 1987 in current dollar terms (here excluding East Jerusalem and hence a significant part of the Palestinian tourism sector). The relative significance of the sectoral share of "Tourism, trade, transport ..." increased from 33 to 38 per cent of GDP between 1972 and 1987. The only similar performance was in the construction and publicworks sector (which is also service-oriented in many of its branches). The growth in "Tourism, trade, transport..." in fact occurred in the more intricate and diversified economy of the West Bank; in Gaza Strip the sector's significance actually decreased from around 31 to 27 per cent between 1972 and 1987.

116. The rate of growth of "Tourism, trade, transport..." was close to that of industry but was not as strong as that of construction. Thus, while "Tourism, trade, transport..." grew by 9.5 per cent per annum in real terms between 1972 and 1987, industry and construction in the occupied territory expanded by 10 and 14 per cent, respectively.38/ The growth rate of "Tourism, trade, transport..." was more pronounced in the West Bank than in Gaza Strip, a finding consistent with previous observations about the overall growth and development disparities between the two areas. Construction and industry together account for a significantly smaller share of GDP than does "Tourism, trade, transport..." In 1987, the combined value of industrial and construction output was equivalent to only 70 per cent of "Tourism, trade, transport..." output.

Table 8. Occupied Palestinian territory:a/ gross domestic product by industrial origin, 1968, 1972-1987[b]/
(Millions of Current United States dollars)

Year	Agriculture	Industry	Construction, public works	Public and community services	Tourism, trade, transport, and other services	Gross domestic product (factor cost)b/	Net indirect taxes on production	Gross domestic product (market price)
1968	45.71	9.71	4.00	25.71	48.57	133.71	6.29	140.00
1972	98.33	21.19	25.00	41.67	90.0	276.19	13.33	289.52
1973	112.86	26.67	40.00	55.48	109.76	344.76	16.90	361.67
1974	217.94	43.95	67.94	82.29	136.55	548.65	26.23	574.89
1975	160.57	46.53	87.54	84.54	164.04	543.21	21.61	564.83
1976	217.63	50.00	104.03	87.53	191.31	650.50	21.03	671.55
1977	197.51	55.74	106.69	92.64	214.91	667.50	24.57	692.06
1978	234.31	60.14	111.91	94.85	194.16	695.36	21.82	717.18
1979	232.31	69.57	157.59	107.31	247.99	814.78	19.81	8344.59
1980	344.01	79.41	165.03	134.62	320.98	1044.05	27.32	1071.37
1981	278.36	69.28	171.53	152.27	273.57	945.01	34.64	979.65
1982	264.03	74.58	185.90	157.93	319.62	1002.06	42.44	1044.51
1983	249.53	81.19	188.58	183.40	344.44	1047.14	67.03	1114.11
1984	184.30	77.18	174.81	205.10	347.40	988.77	76.34	1065.11
1985	187.78	76.23	163.75	164.69	357.22	949.66	53.74	1003.40
1986	455.31	126.34	247.31	179.37	528.36	1536.70	66.26	1602.95
1987	381.63	155.74	302.32	212.73	634.98	1687.40	60.69	1748.10

Source: "Selected national accounts series for the occupied Palestinian territory" (UNCTAD/RDP/SEU/6), table NA.III/1B.

a/ Data excludes occupied East Jerusalem.

b/ Distribution of GDP by industrial origin is not available for 1969-1971.

117. Any indications that the preceding data might provide about the relative growth of personal services branches (in general) in the Palestinian economy from 1972 to 1987 do not necessarily apply to tourism services in particular. On the one hand, there is no doubt that certain branches of personal services also relevant to tourism (e.g. domestic transport) might have grown in terms of scale and scope of activity, investment and stock, employment and income generation. Certainly such developments cannot be considered as isolated phenomena, since activity in one component of the tourism sector directly or indirectly stimulates similar trends in other related branches.39/ Yet, the empirical findings in the following section show clearly that this was not so for all tourism branches (e.g. hotels, restaurants and entertainment).

118. It is also dubious that the immediate gains that might have accrued in certain periods of vigorous demand for Palestinian tourism services and goods (such as the 1970s) stimulated sufficient momentum and confidence in sectoral prospects to invest and effect real transformations in structure and potential. This is clear with regard to a number of tourism branches, such as handicraft manufacture which, despite a potentially 'captive market' of tourists, has hardly developed over the years in terms of infrastructure, capital stock and technologies, marketing and other aspects.40/ Thus, with the available national income data it is difficult to arrive at a precise estimate of the role of tourism in inducing domestic growth and development.

119. Indeed, through reference to indirect indicators it is seen that the sharp and precipitous deterioration in sectoral economic performance in the occupied territory, in conjunction with the Middle East crisis in 1990-1991 dealt a severe blow to the Palestinian tourism sector. Already weakened as a result of years of neglect and unfavourable operating conditions, the sector was hardly in a position to withstand the pressures of the sharp fall in tourist arrivals and the high risk premium attached to travel to the Middle East region for many months during 1990-1991. In the five months prior to the January-March 1991 curfew imposed by the Israeli authorities throughout the occupied territory, it was reported that as a result of cancelled hotel and tour reservations, the domestic tourism sector (including hotels, travel agencies, tourist transport companies, handicrafts manufacturers and restaurants) had lost some $75 million.41/ Needless to say, the curfew conditions effectively brought the sector to a complete halt, adding another estimated $15 million to its losses since August 1990.42/ At prevailing levels of GDP, these estimates imply a tourism sectoral output of some $120 million annually, equivalent to around 10 per cent of 1990 GDP.43/

120. Another data series often used to assess the performance of tourism is that of sectoral employment. Unfortunately, the problem with available employment data on tourism in the occupied territory is not only the exclusion of East Jerusalem, but also the aggregation of domestic employment in tourism with employment in other related service branches (trade), as well as employment in tourism branches in Israel. This is not to mention the grouping of those working in the tourism components of manufacturing, financial and professional services and transport in the aggregate data for these sectors. Though the available official data series include those Palestinians from the West Bank and Gaza Strip working in Israel, a proportion of the latter are presumably employed in Palestinian tourism establishments in East Jerusalem.

121. Available data do not indicate any significant changes in the share of employment in "Trade, restaurants and hotels" of the total labour force of the occupied Palestinian territory.44/ The share of the occupied territory's labour force working in the trade and tourism sector fluctuated between 12 and 14 per cent over the 1968-1987 period, with the share for Gaza Strip generally at the upper end of this range and that of the West Bank at the lower end. Total sectoral employment grew from 19,000 in 1968 to over 40,000 by 1987, equivalent to an annual average of 4 per cent, which is slightly weaker than the overall rate of growth of employment in the occupied territory of 4.2 per cent. Other partial data on the sectoral distribution of employees working in the West Bank and Gaza Strip, as well as separate data on employment in East Jerusalem, indicate that the growth in employment in tourism has been generally sluggish, with the domestic tourism sector accounting for a small proportion of the total reported employed in trade and tourism.

122. However, there is one appropriate and comprehensive source of information on Palestinian tourism within the context of international trade in services, namely that offered by balance-of-payments data (the 'Travel credit' component of services payments to the West Bank and Gaza Strip). While not fully accounting for all economic features of the tourism sector (in particular its domestic economic contribution), these series provide a systematic basis for outlining aggregate trends in the share of Palestinian tourism in the generation of external financial resources. The growing economic and policy significance of international trade in services, and tourism services in particular, has given new impetus to channelling the resources generated by tourism activity to furthering economic and social development in the widest sense. The UNCTAD secretariat has comprehensively investigated the implications of these and related issues.45/ More recent concerns with sustainable and environmentally sound development add new and challenging dimensions to the cost/benefit analysis of tourism in developing economies.46/

123. As in other areas, the exclusion of East Jerusalem from statistical series only allows for a partial quantification of the overall foreign exchange benefits and additional demand arising from tourist flows to the occupied Palestinian territory. Table 9 provides a comprehensive account of the trends from 1968 to 1987 in "Travel credits" received by the occupied territory (the West Bank excluding East Jerusalem, and Gaza Strip) and their significance within the services component of the current account. The emergence of a growing deficit on "Travel" since 1968, reaching $41 million by 1987, resulted not so much from the fall in credits (i.e. tourism receipts) as from the persistently high debits (i.e. payments by Palestinians from the territory on travel abroad), especially in the 1980s. Rather than reflecting mainly leisure tourism abroad by Palestinians from the West Bank and Gaza Strip, data on travel payments by Palestinians shed light on the scope of the strong family, social and economic ties between the Palestinian people in the occupied territory and their relatives in the rest of the Middle East.

Table 9. Occupied Palestinian territory:a/ travel and services payments and receipts, 1968-1987

(Millions of current United States dollars)

YEAR	Balance on services	Total services payments	Total services receipts	Balance on travel	Travel abroad payments	Travel abroad receipts	Travel receipts as percent of service receipts
1968	2.00	20.57	22.57	7.14	10.29	17.43	77.2
1969	0.34	20.74	21.09	-5.34	9.69	4.34	20.6
1970	9.43	28.57	38.00	-4.00	7.66	3.66	9.6
1971	29.44	37.56	67.00	0.03	6.51	6.54	9.8
1972	61.79	49.40	111.19	-2.17	10.24	8.07	7.3
1973	87.88	65.02	152.90	-7.69	15.31	7.62	5.0
1974	118.16	91.86	210.02	-7.60	21.86	14.26	6.8
1975	111.37	98.06	209.43	-11.01	22.19	11.18	5.3
1976	111.10	126.16	237.25	-17.91	29.99	12.08	5.1
1977	111.79	136.99	248.78	-19.70	32.96	13.26	5.3
1978	120.68	136.47	257.15	-21.11	33.17	12.06	4.7
1979	182.51	176.26	358.77	-27.04	40.92	13.88	3.9
1980	188.97	214.38	403.36	-32.10	49.12	17.02	4.2
1981	218.51	228.80	447.31	-41.95	58.53	16.58	3.7
1982	257.70	233.30	491.00	-34.30	47.50	13.20	2.7
1983	338.70	255.60	594.30	-30.50	45.30	14.80	2.5
1984	234.60	245.90	480.50	-36.50	47.40	10.90	2.3
1985	177.70	222.90	400.60	-31.80	43.00	11.20	2.8
1986	293.90	273.40	567.30	-35.30	47.90	12.60	2.2
1987	449.20	318.50	767.70	-41.10	56.30	15.20	2.0

Source: UNCTAD Economic Time Series (ETS) databank. All figures for 1968-1984 are based on balance-of-payments data originally published in the respective annual editions of: Israel, Central Bureau of Statistics, Statistical Abstract of Israel. Figures for 1984 and for 1985-1987 are based on balance-of-payments data originally published in: Israel, Central Bureau of Statistics, Judea, Samaria and Gaza Area Statistics, vol. XVII No.3, and vol. XVIII, No.2, respectively.

Note: a/ Data excludes occupied East Jerusalem.

124. The nominal value of tourism receipts by the occupied territory grew in the 1970s, as elsewhere in tourist receiving regions and countries, while still reflecting a real declining trend in both relative and absolute terms. The turning point in the early 1980s noted above is clearly reflected in the fact that tourism receipts underwent a relatively large and uninterrupted fall between 1980 and 1985, only to briefly pick up before plunging again as of 1988. Data do not permit a quantification of the post-1987 falls, but given the trends of previous years, the decline in tourism sector growth was at least as sharp as experienced by the Israeli tourism sector. As regards the unknown quantity of tourism receipts in East Jerusalem, these probably reflected more clearly the growth in travel/tourism receipts to Israel than did the rest of the West Bank or Gaza Strip. However, the problems faced by tourism branches in East Jerusalem indicate that they are deprived of most of the benefits accruing to Israeli enterprises and branches and that their performance is more akin to trends in the rest of the occupied territory than in Israel.47/

125. The declining trend in the absolute value of travel/tourism receipts acquires greater significance when also calculated in relative terms, namely as a proportion of receipts by the occupied territory from services. In the first year after Israeli occupation, total travel receipts were equivalent to $17 million, or 74 per cent of total receipts from services by the occupied territory. This exceptionally high level was never repeated, except for 1980 when the level of $17 million was again reached, but by this time its significance to the balance of payments was reduced to 4 per cent of total revenue from services. Even in the early 1970s, prior to the massive infusion of receipts for 'Labour services' by Palestinians working in Israel, revenue from travel to the occupied territory was still around 10 per cent. However, the growth in total receipts from other services credits and the slow increase in travel revenues caused this share to fall steadily, to under 2 per cent by 1987. By then, the total receipts for services by the occupied territory (of $768 million) dwarfed receipts from travel (of $15 million). The latter was a relatively strong level compared to previous years.

126. Had the travel component of the Palestinian current account maintained the share of the early 1970s (or increased it), by 1987 travel/tourism would have accounted for at least $75 million of total receipts for services by the occupied Palestinian territory. This implies a potentially more vigorous and influential sector than present empirical data show it to be. Here again, the exclusion of East Jerusalem limits the coverage of the whole occupied territory, but the broad declining trend is certainly the rule, rather than the exception. It should be added that while the bulk of travel/tourism receipts accrue to the West Bank, its share of total service receipts in 1987 was only slightly better, and its decline since 1970 only slower, than for Gaza Strip.

127. The critical trends in the balance-of-payments role of the Palestinian tourism sector appear in an even worse light when compared to similar indicators for the neighbouring tourism sectors of Israel, Jordan and Egypt. As seen in table 10, the share of travel from total service receipts has grown considerably in Jordan, from $13 million in 1968 (less than the occupied territory) or 20 per cent of total service receipts to $579 million in 1987, or 43 per cent of service receipts. Much of the travel receipts by Jordan

appear to be due to "excursionists" travelling overland via Jordan to other neighbouring countries. The instability of regional conditions affecting tourism to/through Jordan in 1988 and 1989 appear to account for the slowdown in growth and then fall in travel/tourism receipts there. While the absolute growth of travel receipts by Egypt has generally been large, their proportion of total receipts for services fell by 1987 to a nonetheless stable and significant proportion of around 17 per cent, rising since then. Undoubtedly, the turbulent conditions affecting tourism in the region since 1988, and the occupied territory in particular, has had a severe adverse effect on Palestinian tourism, as indicated earlier.

128. Meanwhile, considerable benefits have accrued to the Israeli balance of payments through increasing receipts from tourism since 1967, largely due to control over access to the Palestinian tourism sector, and the parallel efforts to develop Israeli tourism facilities and services. Whereas in 1968 only 10 per cent of total receipts from services by Israel accrued from travel/tourism (a smaller proportion than for the occupied territory), this share rose steadily to reach 28 per cent by 1987. This was equivalent to $1.35 billion, more than the combined travel receipts of Egypt, Jordan and the occupied territory for 1987. Since then, travel receipts by Israel have not fallen, but growth has been slow owing to the prevailing circumstances there and in the territory.

Table 10. Tourism (travel) and services receipts by Jordan, Egypt, Israel and occupied Palestinian territorya/, selected years 1968-1989
(Million US dollars and percentages)

		1968	1970	1975	1980	1985	1987	1988	1989
Jordan	-(1) travel	13	14	112	521	518	579	626	546
	-(2) services	64	89	262	1129	1268	1350	1461	1278
	-(1)/(2) (%)	20	16	43	46	41	43	43	42
Egypt	-(1) travel	62	71	124	593	417	693	886	1242
	-(2) services	267	145	713	2662	3442	4130	4982	6617
	-(1)/(2) (%)	23	49	17	22	12	17	18	19
Israel	-(1) travel	52	106	293	903	1101	1342	1347	1468
	-(2) services	509	594	1510	3988	4209	4774	5201	5750
	-(1)/(2) (%)	10	18	19	23	26	28	26	26
OPT	-(1) travel	17	4	11	17	11	15	..	..
	-(2) services	23	38	209	403	401	768	..	..
	-(1)/(2) (%)	74	10	5	4	3	2	..	..

Source: UNCTAD, Economic Time Series databank, 1991.
Notes: a/ Excluding East Jerusalem
.. Data not available

Chapter IV

THE STRUCTURE AND PERFORMANCE OF PALESTINIAN TOURISM BRANCHES, 1968-1990

129. This chapter examines the structure and performance of the various branches of the Palestinian domestic tourism sector since the Israeli occupation. Particular emphasis is focused on conditions in the late 1980s, which best reflect the cumulative impact of 25 years of occupation.

A. Tour operators and travel agents

130. Tour operators are engaged mainly in the business of soliciting tourist groups to their country, usually by entering into agency agreements with other operators in tourist originating countries. Such agreements usually cover all terms relating to transportation, accomodation, and tour programme. Tour operators therefore deal with the initial and most sensitive step of attracting tourists to the country.

131. According to a survey conducted in late 1989, there were 34 tour operators in the West Bank, two of which were located in Bethlehem, one in Ramallah and the rest in East Jerusalem.48/ This represents a decrease of five tour operators since 1966. Two or three agencies dominate the incoming tourist market, including one which combines its functions as tour operator with hotel ownership and tourist transport facilites. In most aspects, this branch of the tourism industry is relatively small compared to Israel, where there were 429 tour operators in 1988, of which 81 were located in Jerusalem.49/

132. Palestinian tour agencies are confronted with numerous obstacles which impede their normal functioning, especially when compared with Israeli firms. At least five agencies in the West Bank have been forced to cease operation due to the slump in tourism activity in recent years, and three more were on the verge of collapse in 1990. Even prior to the uprising, several East Jerusalem agencies were already effectively dormant. Among the most important obstacles which confront this branch and which are considered to constitute significant impediments to its growth are the following:

- Tour operators are required to provide bank guarantees to the value of $1,500 per contract before they are permitted to enter into agreements with international tourist ventures. In the absence of a developed banking system in the occupied territory, arranging to meet the required guarantees is not easy for many establishments. Israeli tour operating companies, on the other hand, enjoy access to the full range of financial services offered by commercial banks on competitive terms.
- Palestinian tourist companies are in frequent confrontation with Israeli tax authorities, and relations between the two sides are characterized by deep mistrust. Israeli tax authorities resort to arbitrary assessment of taxes, and sometimes to coercive measures to collect those taxes.50/
- Coordination between the Israeli national airline and Israeli tour operating companies offers many advantages to both sides. The airline company provides tickets at substantially reduced rates for flights chartered by travel agencies. Competing Palestinian enterprises, on the other hand, are denied the fruits of such cooperation because of the airline's preferential treatment of Israeli tourism institutions.
- Unlike their Israeli counterparts, representatives of Palestinian tour operating enterprises are not permitted entry inside Israeli airport terminals when receiving incoming tourists. Again, this measure is rationalized on security grounds, and seriously limits Palestinian tour operators in respect of effective direct dealings with tour groups and other clients.

- The Israeli Ministry of Tourism has imposed strict restrictions on the licensing of new tour operating offices in East Jerusalem; a bond of $300,000 is required by law for the establishment of new agencies. Existing agencies are requested by the Government to join the Israeli Association of Tourist and Travel Agents in order to "better qualify" for assistance. Such restrictions are viewed by local tourism specialists as significant impediments to a more vigorous growth in the industry. In general, the Israel Government Tourism Office (IGTO) has not exerted efforts to include Palestinian agencies in promotional activities or to facilitate their benefiting from Government subsidies or other support schemes.

133. In view of the fundamental role of tour operating firms in the promotion of the tourism industry, Jordanian-licensed enterprises in this branch, including all those in the West Bank, established their own professional association in 1953, the Association of Travel and Tourism Agents (ATTA). The main functions of this association, as defined in its charter, included encouraging the largest degree of cooperation between its members and defending their interests in relation to all other bodies. The West Bank membership of ATTA, which has operated separately since 1967, has succeeded over the past few years in achieving some of these targeted objectives. For instance, in an effort to maintain the distinct Palestinian identity of this branch, tourism and travel agents have taken a collective stand of refusing to accept renewal of their licenses by Israeli authorities, since the licences were originally procured under Jordanian administration. In another example, in 1989, after drawn-out negotiations, ATTA succeeded in reducing by 20 per cent the Arnona property tax imposed on tourism agencies' premises by the municipality of Jerusalem, in partial recognition of the impact of the tourism slump on Palestinian branches since the uprising.

B. Tourist guides

134. The number of tourist guides in East Jerusalem and the West Bank as a whole has steadily declined since the onset of Israeli occupation, when there were 180 guides in the West Bank. By 1989 there were only 87 licensed guides in the West Bank, including East Jerusalem (where 70 of them were based), as compared with around 3,000 in Israel.51/ A survey of tourist guides in the West Bank in 1989 revealed inter alia that the 87 remaining tourist guides were all males (though at least one female guide was licensed in 1979), and that 71 of them were granted licenses by the Israeli Ministry of Tourism in order to enable them to accompany tours in the occupied territory and Israel.52/ Of all currently licensed guides, 48 have received general licenses for tour guiding throughout Israel and 39 still operate on the basis of Jordanian licenses which qualify them only for localized (on-site) functioning. By 1990, the actual number of working guides in the West Bank was only 72, since 15 guides had stopped operating for various reasons (e.g. old age, sickness, emigration, etc.). By contrast, there are approximately 4,300 Israeli licensed guides, of whom some 3,000 are active. The youngest tourist guide in the West Bank was 45 years old in 1990 and as the Israeli authorities have not issued any new licenses since 1969, this branch of the tourism sector is soon likely to face total collapse unless corrective measures are promptly taken.

135. Most guides work full-time for a daily fee of some $50 (less tax) plus occasional trips and commmissions at some sites and shops. Like other branches of the tourism sector, tourist guides suffered a severe drop in business after

the outbreak of the uprising. The number of annual workdays of East Jerusalem guides dropped steadily during the three years from 1986 to 1989 falling from 200 in 1986 to 120 in 1987 and reaching 20 by 1989, i.e. only 10 per cent of the 1986 level.53/ Expectedly, this has been another influential factor behind the loss of interest in (and eventually deserting of) this profession. Faced with a sharp rise in the cost of living on the one hand, and by a severe decline in income from guiding tourists on the other, many tourist guides were forced to abandon their profession, or to practice it on a limited part-time basis.

136. Tourist guides have had little access to training opportunities, be it in guiding techniques, presentation skills, communications or first aid. The Jordanian law regulating this branch of tourism stipulated that all guides should have a minimum degree of high school certificate, but no pre-service or on-the-job training was demanded from those willing to join the profession. In 1969-1970, the Israeli Ministry of Tourism organized a six-month training course for guides who were already licensed by Jordan. Fifty-four guides were trained on that course and were granted general licenses qualifying them to operate in the West Bank and Israel. No other training courses have since been organized for Palestinian tourist guides, while regular new and refresher training course are provided for Israeli guides.

137. In 1988, Bethlehem University was due to have initiated a two-year course for tourist guides designed as much as possible to conform to the level and requirements of IGTO courses. This programme was envisaged as a major step towards rejuvenating this ailing branch of the tourism sector, but as a consequence of the closure of all local universities as from early 1988 by the Israeli authorities, the whole programme came to a halt before the first class graduated. Nevertheless, the programme remains a promising and well-conceived example of the local institutional potential for reviving this branch.

138. The Arab Tourist Guides Union (ATGU) was established under Jordanian law as a non-profit society in 1963, and in 1965 it was transformed into a vocational association. In 1966 ATGU had 180 members, but membership has decreased steadily since occupation, reaching 87 in 1990. ATGU is targeted to serve its members' interests by providing a range of activities, including training, tourism promotion and labour arbitration. However, the advent of occupation brought such drastic transformations that the Union was incapable of providing any tangible services to its members. Training became the prerogative of the IGTO, while promotional activities confronted difficulties in securing resources and access to tourist groups, and labour disputes were rarely resolved through reference to professional associations such as ATGU. Perhaps the only "achievement" in the post-occupation period is that the Union continues to exist, embodying the potential of its dwindling membership. This means that ATGU offers an opportunity for playing an active role in the future, should there be adequate support and resources to revive it.

C. Hotels and accomodation

1. West Bank and Gaza Strip

139. The hotel industry in the occupied territory has been subjected to profound and rapid transformations ever since the onset of Israeli occupation. During the first three years after 1967 there was a marked rise in the number of hotels in the West Bank outside East Jerusalem, reaching 29 in 1970. But

later the branch experienced a drastic decline, with the number of hotels falling to 18 by 1987, as the number of person/nights dropped by 54 per cent (see table 11). The total number of hotel guests dropped by 75 per cent, and the overall occupancy rate declined from 27 per cent in 1970 to 13 per cent in 1987. There are no official Israeli data available on the performance of hotels in the West Bank since the uprising, but local Palestinian sources estimate the number of operational hotels in the West Bank outside East Jerusalem at only six hotels by 1990. Together with those in East Jerusalem, the total number of hotels in the West Bank was 40 by 1990, well below the total of 59 hotels prior to 1967 and 69 in the first few years of expansion after occupation. The Gaza Strip, where six hotels were still operating in the first years after occupation, by 1990 featured only two hotels, catering to occasional journalists, United Nations personnel or others visiting Gaza Strip for professional purposes.

Table 11. Development of hotels in the West Bank (excluding East Jerusalem), 1970-1987

	1970	1975	1980	1987
No. of hotels	29	25	15	18
No. of rooms	342	303	196	358
No. of beds	868	779	486	807
No. of guests	58,047	36,343	14,186	14,537
Person/nights	84,590	79,579	35,855	39,272
Per cent occupancy	27	20	11	13
Employees (monthly average)	49	48	26	49

Source: Israel, Central Bureau of Statistics, Statistical Abstract of Israel, (Jerusalem, CBS, 1989), p. 742.

140. Hotels still constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment, not to mention their role in attracting tourists to the occupied territory. According to local experts, it is estimated that hotels account for around 25 per cent of total tourist expenditure. In 36 hotels (out of 40) in the West Bank (including East Jerusalem) surveyed in 1990, the aggregate size of investment in all of them amounted to some $85 million.54/ The average investment per hotel amounted to $12.9 million for a five-star hotel, $4.5 million for a four-star, $1.9 million for a three-star, $0.5 million for a two-star, and $0.4 million for a one-star hotel. In 1990 these 36 hotels employed 896 permanent workers (over 90 per cent of whom were in East Jerusalem), in addition to 147 workers employed on a seasonal basis. The distribution of the labour force per hotel indicates that the average employment is 96 workers for a five-star hotel, 41 for a four-star, and 8 for a three-star. From another angle, the volume of business conducted by hotels in the West Bank (including East Jerusalem) is reported to have displayed a steady decline during the 1980s. Gross annual revenue is estimated to have fallen from US$25 million in 1981 to $8 million in 1987.55/ Although hotels outside East Jerusalem suffered particularly during that period, those in the city were also affected.

141. Despite possessing far more touristic attractions than Israel, the occupied territory's hotel industry is much smaller than that of Israel. Table 12 shows that in 1990 the West Bank had the equivalent of only 13 per cent and 7 per cent respectively of the number of hotels and the number of rooms in

Israeli hotels. The gap is even more pronounced in relation to higher class hotels (five-star and de-luxe). A comparison with employment in Israeli hotels reveals stark differences between hotels on both sides of the green line. The total number of employees in all tourist hotels in Israel in 1988 amounted to 21,870 persons, more than 20-fold the level in West Bank hotels.56/

Table 12. Hotels and rooms in Israel 1989, and the West Bank 1990

	Israel 1989		West Bank 1990	
	Hotels	Rooms	Hotels	Rooms
5 star de luxe	5	1969	..	..
5 stars	26	6747	2	344
4 stars	69	9926	9	748
3 stars	105	8529	14	824
2 stars	55	2170	10	328
1 star	24	839	5	127
Holiday village	13	1688	..	..
Others	8	749	..	..
Total	305	32617	40	2371

Sources: Israel Central Bureau of Statistics, Monthly Bulletin of Statistics, vol. 11, Nov. 1990; the Arab Hotel Association.
.. Data not available

142. As indicated, the overall deterioration in the Palestinian tourism sector has resulted in the closure of many hotels outside East Jerusalem. Some hotels were transformed into office buildings, and others were rented to local universities or used as student dormitories. On the Dead Sea shore, a small three-star hotel was taken over by Israeli military forces for several years after 1967.57/ The only hotel in Nablus was rented to UNRWA. Bethlehem was the only city where hotels increased in number, from two in 1964 to five in 1990. This change is not unexpected on account of this town's prominence as a touristic site, and because of its very close proximity to East Jerusalem.

2. Performance of hotels in East Jerusalem

143. The hotel industry in East Jerusalem has not witnessed sharp changes with regard to number of hotels or rooms during the past two decades. Table 13 shows that the total number of hotels in 1990 was the same as it was in 1972, whereas the number of rooms increased by 16 per cent. However, there had been a noticeable increase in the number of hotels and rooms during the period 1972-1984 (i.e. 17 per cent and 31 per cent, respectively). This increase was stimulated by the sharp growth in the number of tourists visiting the occupied territory via Israel, while also reflecting the growing number of tourists arriving from Jordan through the bridges as from the mid-1970s. The drop in the number of five-star hotels (from three to two) is due to the re-classification of one of the hotels. This was decided upon by a committee of the Ministry of Tourism, which was charged with re-examining the classification status of all of the city's hotels, Israeli and Palestinian. It is worth noting that the relative costs to tourists visiting Israel, in comparison with competing countries in the region and elsewhere, dropped substantially during the period 1975-1985 due to the rapid and sharp depreciation of the Israeli currency against all major currencies.

Table 13. Growth in Palestinian hotel and room numbers in East Jerusalem, 1972-1990

	1972		1984		1985		1990	
Classification	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
5-stars	3	402	3	415	3	415	2	344
4-stars	4	308	6	559	6	559	8	698
3-stars	10	584	13	676	14	757	11	639
2-stars	12	361	13	367	13	397	9	302
1-star	5	148	3	107	3	57	4	102
unclassified	0	0	2	205	0	0	0	0
Total	34	1,803	40	2,359	39	2,185	34	2,085

Sources: Data obtained from The Arab Studies Society and The Arab Hotel Association.

144. The comparative growth in the number of Israeli hotels in West Jerusalem as against Palestinian hotels in East Jerusalem indicates a sharp increase in favour of the former during the occupation period. The number of hotels in West Jerusalem in 1972 was much lower than that in East Jerusalem (23 vs. 34), although the number of rooms was considerably greater (see table 14). By 1988 there had been an increase in the number of hotels and rooms in West Jerusalem of 52 per cent and 82 per cent respectively. The corresponding increase in East Jerusalem hotels was 9 per cent and 21 per cent. The number of employees in West Jerusalem hotels in the same year amounted to 5,324 (in 35 hotels), as compared to about 950 in East Jerusalem (in 38 hotels). The dramatic expansion in hotel and room numbers in West Jerusalem during the past two decades has been due primarily to the abolition of the borders between the two sides of the city since June 1967, so that tourists could easily be accomodated in West Jerusalem while visiting nearby sites in East Jerusalem and the rest of the occupied territory. This growth was greatly facilitated by the vigorous support extended by government institutions in such areas as finance, training, promotion, and planning. The Palestinian hotels in East Jerusalem, on the other hand, had much more constricted access to those services.

145. The number of person/nights in East Jerusalem for 1987 was 7 per cent less than in 1981 (see table 15). In contrast, the number of person/nights in West Jerusalem hotels rose during the same period by 46 per cent. West Jerusalem hotels attracted a considerable number of Israeli domestic tourists, who account for 15-25 per cent of all person/nights. East Jerusalem hotels, on the other hand, have attracted no Palestinians or other Arabs since the complete halt of Arab tourism to the West Bank as from June 1967. Furthermore, the number of Israeli tourists staying in East Jerusalem hotels, even before the uprising, was very low (accounting for only 4 per cent of person/nights). Since the uprising, patronage by Israelis of Palestinian hotels has stopped almost completely (and is presently restricted to Israeli Arabs).

Table 14. Comparative growth of hotels in East and West Jerusalem, 1972, 1988

	East Jerusalem		West Jerusalem	
	Hotels	Rooms	Hotels	Rooms
1972	34	1,802	23	3,164
1988	38	2,190	35	5,768
Rate of increase	9.4	21.5	52.2	82.3

Source: Israel Central Bureau of Statistics, Tourism and Hotel Services Quarterly (Jerusalem, CBS, 1988) No. 2, p. 74.

Table 15. Comparative hotel occupancy in East and West Jerusalem, 1981-1988 (Person/nights in thousands)

	1981	1983	1985	1987	1988
Tourists					
East Jerusalem	604	432	559	552	392
West Jerusalem	1416	1453	1773	1908	1428
Israelis					
East Jerusalem	12	23	16	21	9
West Jerusalem	193	275	282	441	476
Total					
East Jerusalem	616	455	575	573	401
West Jerusalem	1609	1728	2055	2349	1904
Bed occupancy (%)					
East Jerusalem	45.2	33.1	39.4	41.2	30.6
West Jerusalem	56.6	55.1	56.5	58.5	46.3

Source: Israel Central Bureau of Statistics, Tourism and Hotel Services Statistical Quarterly (Jerusalem, CBS, 1988), No. 2, p. 49, and (1990), No. 1, pp. 54-56.

146. The increasing number of Israeli occupants of West Jerusalem hotels, and Israeli hotels in general, has provided these hotels with significant advantages. Revenue accruing to Israeli hotels from this source was estimated to have risen from $126 million in 1984 to $296 million in 1987.58/ This form of business, furthermore, has helped to shelter Israeli hotels from the adverse consequences of the seasonal fluctuations in the number of incoming tourists. West Jerusalem hotels have thus managed to continually improve their services, thereby attracting an increasing part of the business which might have gone to East Jerusalem hotels. They have also succeeded in attracting significant investments from international tourism corporations, unlike Palestinian hotels. The only East Jerusalem hotel with majority international corporate involvement in management was turned over to local entrepreneurs after the lease ran out in 1988. The superior performance of West Jerusalem hotels in comparison to those of East Jerusalem is also clearly reflected in the rates of occupancy, which between 1981 and 1988 were consistently 10-20 per cent higher in the former, even with their greater number and much larger bed capacity.

147. Rates charged by hotels in East Jerusalem are nearly half those in West Jerusalem for similar hotels.59/ Even though they are cheaper, Palestinian hotels attract much fewer tourists than those in West Jerusalem, partly due to

the superior level of services and amenities in the latter. Competition with Israeli hotels reached new levels after the completion of an international chain hotel in 1987, which is located in East Jerusalem on a hill overlooking the entire old city. This hotel is one of the largest in the country (500 rooms) and it is certainly one of the most modern in the region. As is typical with such projects, the owners of this hotel were provided with generous incentives and subsidies from various official Israeli sources. Palestinian hotels in East Jerusalem have to be members of the Israeli Hotels Association, if only to be eligible for tax concessions, licenses, import of capital and insurance coverage.60/

148. A major problem which faces hotel owners in East Jerusalem relates to the Arnona tax which is levied by Jerusalem Municipality on real estate. A particularly constraining aspect of this tax is that in principle it is not correlated with volume of business, and hence its value may reach exorbitant levels on hotels with large but possibly vacant premises. Among a sample of 10 Palestinian hotels, the average value of the Arnona tax per hotel rose some 20 per cent in two disastrous years, from NIS 38,800 in 1987 to NIS 46,700 in 1989.61/

149. Local coordination to deal with the special problems of the Palestinian hotel branch has been encouraged by the Arab Hotels Association (AHA) founded in 1964, when it comprised only 10 hotels. Membership now includes 41 hotels, all located in the East Jerusalem-Bethlehem area. The Association is broadly targeted to defend its members' interests by acting as a lobby group and by promoting the flow of tourists to member hotels, but its limited resources and lack of official status with the authorities have impeded AHA's impact. The Association recently prepared a brochure covering 30 hotels to be used for promotional purposes, and in 1988 it managed to negotiate a sizeable cut on the Arnona tax (see paras. 154-155).

150. In addition to problems relating to their strained relations with Israeli authorities and to the declining number of tourists, the Palestinian hotel industry suffers from other constraints. For instance, despite some improvements in the level of training facilities available locally, the technical and managerial aptitude of workers in this industry is still deemed inadequate. A 1986 survey of the educational level of workers in the East Jerusalem tourism sector, of which nearly two-thirds were engaged in the hotels branch, revealed that 11 per cent of all workers were illiterate, 26 per cent had elementary school education, 26 per cent had intermediate education, and only 37 per cent had reached secondary education levels or higher.62/

151. Another major problem is the lack of governmental or private institutional sources of credit to provide funding in adequate amounts and on concessional terms (see also section G., below). Hotel owners in East Jerusalem and other parts of the occupied territory require additional funding for a number of reasons, most importantly for the renovation of premises and the modernization of furniture and other facilities. Even when finance is available, governmental and bureaucratic complications discourage investors. It should be remembered that the vast majority of hotels were constructed just prior to the onset of occupation, in only two cases with Jordanian Government equity participation. Since then it has been possible to do very little to upgrade standards. So, unless Palestinian hotels are provided with adequate resources to modernize, they will eventually be demoted to inferior classes, a trend which has already started. It has been noted, by contrast, that the few

Palestinian hotels which were properly renovated in recent years have experienced a considerable improvement in their performance.63/ Effective Jordanian or other official financial support since the occupation has been limited by the risks and inability to guarantee investment or other financial engagement from outside the occupied territory. In times of severe slumps, compensation has been forthcoming, as in 1981-1982 with the closure of the Jordan River bridges (for tourists wishing to cross in both directions). At the time, loans of some $2 million were provided to East Jerusalem and other West Bank hotels by the Jordanian-Palestinian Joint Committee (JPJC).

3. New problems since the uprising

152. Overall, the performance of West Bank hotels has worsened owing to the impact of the Palestinian uprising and related Israeli measures since December 1987.64/ One field study revealed that the occupancy rate for sampled hotels in East Jerusalem and Bethlehem was 24 per cent in the second half of 1989, down ten percentage points since 1987.65/ No data are yet reported for 1989 by the Israeli Ministry of Tourism. However, the estimate made by the AHA is close to that ascertained in a recent survey (see table 16). The drop in occupancy rate was highest for one- and two-star hotels. Only one East Jerusalem (five-star) hotel has been able to maintain 80 per cent occupancy, but it is a special case due to its excellent location, reputation and setting.

153. The AHA entered into complex negotiations with Jerusalem Municipality in 1987 on the question of the Arnona tax. An agreement was reached in 1988 whereby hotels were offered a tax reduction which was inversely proportional to the rate of occupancy. It was agreed that hotels with an occupancy rate of 20 per cent or below were eligible for a cut of 55 per cent on their tax dues, whereas those with an occupancy rate of 60 per cent or higher were eligible for only an 8 per cent cut.66/ This was an exceptional measure aimed at compensating the losses of those hotels which had experienced very low occupancy rates.

154. Despite a further overall worsening in the occupancy rate in 1989-1990, the Jerusalem Municipality reneged on the earlier agreement with the AHA and slashed the rebate on the Arnona by around 30 per cent, bringing the Arnona levied on hotel owners to incredibly high levels. Two hotels, for instance, in 1989 had to pay Arnona tax equivalent to $53,000 and $26,000 respectively, while in 1990 the Arnona tax imposed on both hotels rose to $64,000 and $36,000, respectively.67/ When hotel owners refused to pay the 1990 Arnona tax, the Municipality retaliated by soliciting a court order having the effect of freezing the accounts of those hotels in Israeli banks, pending the settlement of their tax dues.

Table 16. Occupancy rates in East Jerusalem and Bethlehem hotels, by classification (1987, 1988, 1989)

				AHA estimate(2)
	1987	1988	1989	1989
5-stars	31.2	26.4	25.6	25.0
4-stars	48.5	37.8	36.6	32.8
3-stars	41.4	24.7	24.8	24.4
2-stars	16.2	14.2	13.8	14.7
1-star	33.0	25.0	18.6	13.2
Average	34.1	25.6	23.9	23.0

Sources: Field study conducted by the Arab Studies Society, Tourism Information Unit, East Jerusalem, 1990; Arab Hotels Association.

155. Israeli pressure on East Jerusalem hotels was considerably escalated in 1988 when the Labour Department prevented Palestinian hotel owners from employing residents from outside East Jerusalem, unless they procured work permits from the Labour Exchange. The Israeli measure was rationalized on account of the authorities' benign desire to provide Palestinian workers from the West Bank with the fringe benefits and other services to which they would be eligible if registered at the Labor Exchange. The real motives for the measure, as viewed by hotel owners and workers themselves, is to levy substantial deductions from the workers' wages against uncertain benefits. Furthermore, the Israeli authorities are determined to underscore the political implications of imposing Israeli laws and regulations on East Jerusalem. Again, this issue continues to pose an unresolved conflict between hotel owners and relevant Israeli authorities.

156. There were numerous reasons for the pronounced recession in the hotel industry following the uprising. First of all, there was a 15 per cent drop in the number of tourists arriving in Israel in 1988 as compared to 1987.68/ The number of tourist arrivals, however, remained at about the same level in 1989. But the number of tourists visiting and staying in East Jerusalem and other parts of the West Bank dropped by much higher ratios than those reported above. In part, that was due to the widespread disturbances which have swept through the West Bank and Gaza Strip for the last three years. Tourists were also discouraged by the media coverage of events in the occupied Palestinian territory, which convinced many potential tourists that their security was at stake in East Jerusalem and other parts of the West Bank. For example the stationing of army patrol units on the roof tops of some hotels in East Jerusalem and Bethlehem, ostensibly for security reasons, further harmed tourism to the occupied territory.

157. In addition to the severe decline in the number of tourists visiting East Jerusalem, West Bank tourism was also influenced by the abrupt drop in the number of Palestinians visiting their homeland during summer vacations. The number of visitors (i.e. those who do not hold local identity cards) dropped in 1988-1989 to approximately 20 per cent of the 1986 level, estimated then at around 64,000.69/ A similar drop has taken place with regard to West Bank and Gaza residents (i.e. those with Israeli identity cards) working abroad temporarily and returning to their homes during their summer vacations.70/ The hotel industry and all other local economic sectors were affected by this phenomenon in varying degrees.

158. The performance of Palestinian hotels witnessed a noticeable improvement during the first half of 1990, in conjunction with a general rise in tourism flows to Israel. But this improvement was only short-lived, because the hotel industry plunged again into a deep recession right after the eruption of the crisis in the Middle East region in August 1990. According to estimates by the AHA, occupancy in East Jerusalem hotels prior to the 1990 Christmas season dropped to very low levels, comparable to those of the early days of the uprising (10-15 per cent). What is even more alarming to hotel owners was the massive rate of cancellations of tourist groups booked for the 1990 Christmas and 1991 Easter seasons. Although Israeli hotels voiced similar complaints, the ultimate impact of the crisis on Israeli hotels will be less drastic, mainly because of the stabilizing role of internal tourism.

159. For the first time, Palestinian hotels were almost completely empty over the usually bustling Christmas season, with occupancy of most East Jerusalem hotels reported at a mere 2 per cent.71/ Some East Jerusalem and Bethlehem hotels have closed down completely; in another case, a hotel has been leased as office space.72/ By early April 1991, only two of the 34 East Jerusalem hotels were open for business. The situation worsened further as the Jerusalem municipality presented hotels with tax bills that few could pay. An appeal by the AHA for an exemption from taxes until September 1991 was rejected; instead a 50 per cent discount was proposed.73/

D. Restaurants and entertainment

160. Food catering facilities, the quality of food available to tourists and the prevailing standards of restaurants and their prices have a strong bearing on the overall performance of the tourism sector. Local experts estimate that expenditure on food accounts for approximately 25 per cent of tourist expenditure in the occupied territory. Restaurants there took advantage of the pronounced expansion in the number of tourists visiting the country during the 1970s and early 1980s. The parallel expansion in restaurants was most clearly reflected in East Jerusalem, where by 1987 their number had risen to 80, about one third of which were of touristic standards. However, the absence of any formal classification system for restaurants renders a more precise evaluation especially difficult. No significant growth in the number of restaurants was recorded in other parts of the country, though the areas of Ramallah, Bethlehem and Jericho were traditionally well-known for their large, outdoor family restaurants catering to residents and local and international tourists alike.

161. The area of Jericho and its environs has traditionally been especially dependent on the tourist expenditure which is attracted by the city's numerous outdoor restaurants. However, these have faced increasingly stiff competition from Israeli enterprises operating in or near Israeli settlements along the main highway into the city of Jericho, and in other areas with similar climatic attractions further north. The growing isolation of Jericho from tourist flows to the region due to their diversion elsewhere led to a significant deterioration over the 1970s in premises' furnishing and equipment, as well as to a loss of qualified service employees attracted by higher wages elsewhere. The slump in tourist arrivals and departures over the bridges near Jericho in 1981/1982 led the restaurants to request compensation and aid for renovation of premises. However, this branch was excluded from the package of aid worked out for other tourism branches (hotels, tour agencies, transport, handicraft manufacture) later in the year by the Jordanian-Palestinian Joint Committee. Subsequent years witnessed few improvements in the situation.

162. Restaurants are among the service branches which have been hit hardest since the uprising mainly because local markets close by noon time, in compliance with the partial commercial strike since 1987. This has deprived restaurants of the opportunity to serve the main lunch and dinner meals to their clients. After several months of trying to withstand emerging pressures a large number of restaurants were forced to close down for lack of business. By early 1990 it was estimated that 35 restaurants in East Jerusalem had had to close down (out of a total of 80 in 1987). An equally high rate of closure took place in Jericho and Ramallah. The impact was mostly felt by better quality restaurants, which rely heavily for their business on lunch and dinner meals. Smaller popular restaurants, which serve breakfast and light meals, were also hit hard, but much less so than higher-standard restaurants.

163. The inclusion of appropriate forms of entertainment is an essential component of the attraction package offered to tourists in most neighboring countries. For example, Jordan has introduced into its tourist seasons major folkloric and other forms of entertainment. In particular, it is noted that Israel has launched major efforts aimed at developing entertainment facilities which are diversified enough to appeal to all kinds of tourists. This has reflected positively on the tourism sector, not only in absolute terms but also by giving Israelis a wider edge in competition with Palestinian touristic institutions. In sharp contrast to Israel, the Palestinian tourism sector suffers an acute shortage of entertainment facilities. Such attractions like night clubs, theaters, cinemas, art galeries and exhibitions, museums, folklore festivals, and sport events are extremely rare, and even when theater or cultural festivals are organized, they are usually not targeted for tourists.

164. The retarded level of entertainment facilities available to tourists is attributed to numerous factors. Certainly, there is a conviction that a tourism sector oriented to spiritual attractions like that in the occupied territory does not require strong linkages with entertainment. Conservative influences in Palestinian society have also played an important role in that connection. This factor has clearly gained greater momentum since the uprising' especially because of the depressing and tense atmosphere prevailing throughout the country and the sharp contrast this makes with leisure or entertainment activities or facilities. In addition to these factors, it is also important to note that the low level of entertainment facilities has been one of the results of the absence of domestic Palestinian authority committed to providing appropriate financial and organizational assistance necessary for a vigorous entertainment branch.

E. International and domestic tourist transport facilities

165. Following 1967, the occupied Palestinian territory was denied access to all direct international travel facilities. Jerusalem International Airport (at Qalandia) has remained closed to international traffic since 1967, though it is still used for local flights and general aviation.74/ The commercial seaport at Gaza was similarly closed to international traffic and subsequently was allowed to be used only as a fishing port on a limited basis and within a strictly defined geographic area. While Gaza Strip residents were eventually allowed to travel to Egypt via Sinai, access to Jordanian international land, air or sea transport facilities has since 1967 remained subject to elaborate bureaucratic procedures which are contingent on the approval of Israeli and Jordanian authorities. Prevailing arrangements and transportation have had a discouraging effect on most international tourists, except those with a particular interest in visiting Jordan, Israel and the occupied territory together. In addition to the extra cost and extended delays which characterize movement across the Jordan River bridges, tourist flows through this route are vulnerable to unpredictable changes in the policy and regulatory environment in Jordan and Israel affecting tourism, as noted for example in the 1981/1982 closures.

166. Meanwhile, access to the occupied territory by tourists coming from those countries with which Israel maintains normal ties has not been adversely affected. Tourists coming to Israel can fly directly for that purpose in planes operated by all major international airlines, including those also serving Arab countries. This was made possible due to the relaxed stand taken

by the Arab League Boycott Office, whereby international passenger airlines were not required to terminate their operations in Israel as a condition for operating in the Arab world, contrary to the position adopted by the Office towards many other international companies. International tourist arrivals to Israel by sea, in particular for short stays by excursionists coming on cruise ships, have also been an important feature of transportation to Israel and the occupied territory.

167. Unlike foreign tourists, Palestinian residents do not enjoy free access to Israeli international transport routes, in particular travel through Ben Gurion Airport (at Tel Aviv/Lydda). Access to this route is contingent on procuring a special travel document from the Israeli Ministry of the Interior, which in turn requires obtaining the approval of a number of Israeli authorities, especially those dealing with security and taxes. A great number of Palestinians are not able to obtain the needed documents. A further impediment to using Israeli international travel facilities relates to the Jordanian opposition to allowing any Jordanian passport holder, including those in the West Bank, to use Israeli ports owing to the continuing absence of relations between Israel and Jordan. Those who are known to have violated these regulations may be subject to disciplinary measures when entering Jordan. This has greatly reduced the scale of Palestinian passenger traffic via Israeli ports and airports.

168. There are as many as 25 Palestinian bus and coach companies in the West Bank and Gaza Strip, most of which are fully engaged in non-tourist domestic transport. Several tourist transport companies were established in the West Bank after 1967. As shown in Table 17, there were eight companies dedicated to tourist transport, all of which were based in East Jerusalem and all but one of which were established after occupation. Local tourist travel companies own 131 buses, 104 of which are full size and 27 are mini buses. This is considerably lower than the Israeli tourist bus fleet, estimated at 1,500 buses.75/ The distribution of larger Palestinian buses by model year indicates that 35 per cent of them are 1979 models or older and 60 per cent are 1980-1987 models. Only six new buses are bought in the 1987-1990 period, owing to such factors as low returns on investment, small size of business, and lack of credit facilities, not to mention the dampening of business expectations since the uprising. Furthermore, the newer models of buses require high servicing standards not available in East Jerusalem or elsewhere in the occupied territory. This means that servicing and repairs have to be done in Israel, which is usually not preferred, or in Amman, which is not always practical.

169. The total capital invested in these eight tourist transportation companies is estimated at $9.5 million, with an average of some $1.2 million per company. Because of the severe lack of credit facilities, bus companies are obliged to rely heavily on deferred payment facilities or credit arrangements (usually at high interest rates) offered by manufacturing firms or by Israeli importers of vehicles. Competing Israeli companies, on the other hand, enjoy more liberal credit facilities, whether in terms of size of loans, rates of interest, or repayment schedule.

Table 17. Number of vehicles of Palestinian tourist travel companies, 1966-1984

Name	Year established	No. of buses Large	Mini
Jordan Express Tourist Travel	1966	18	3
Jerusalem Orient Tourist Travel	1967	9	3
Kawasmi Tourist Travel	1977	14	2
Mahfouz Tourist Travel	1978	7	3
Abu Snaineh Tourist Travel	1978	10	2
Mount of Olives Tours	1978	16	5
Abdo Tourist Travel	1979	13	4
Near East Tourist Travel	1984	17	5
Total		104	27

Source: Arab Studies Society, Tourism Information Unit field survey, East Jerusalem, 1990.

170. Tourist travel companies employ a total of 143 workers. In the light of previous data, this means that total investment per job created is around $68,000, which is considerably higher than in other economic sectors (estimated at between $15,000-30,000). The labour force is comprised of 128 drivers, 8 administrative staff, and 7 mechanics. Again, the noticeably low level of supportive staffing is an indication of low profitability and the family nature of ownership. This is in sharp contrast to Israeli firms, which in general are public companies. The major Israeli bus company is a cooperative society, and it is by far the largest public transportation enterprise in Israel.

F. Handicraft production and related trade

171. The production and marketing of handicrafts and similar tourist articles constitute a leading branch in the Palestinian tourism sector and an outstanding example of the inter-linked "service-goods" nature of the sector. This is apparent, for example, in the large number of firms operating in the production and trade of handicraft products. In 1986, for instance, there were 435 handicraft retail stores in East Jerusalem alone, accounting for 28 per cent of all retail outlets there.76/ The work force in handicraft and tourist goods retailing amounted to 1,350, or approximately 50 per cent more than the number of workers in the city's hotels surveyed in that year.

172. The types of handicraft items produced locally include olivewood articles, mother of pearl, jewelery and decorative objects, blown glassware, ceramics, and hand-embroidered dresses. This is in addition to other items imported from abroad, mainly jewelery, copper and brass products, and carpets. The value of total output of local handicrafts was estimated in 1986 at J.D. 10.2 million (equivalent to over $30 million), whereas total sales by handicraft stores for the same year was estimated at J.D. 20.6 million.77/ The higher value of sales, as compared to the value of output, is attributed to several factors, including the retailers' markup, sale of accummulated stock from previous years, and imports of items of touristic interest. However, the handicraft production, branch suffers from relatively high costs of production, as well as structural and organizational weaknesses which reduce its competitiveness in the domestic as well as external markets.

173. Handicraft production and trade, relatively limited in the early 1960s, developed at a fast pace after the onset of occupation and until the early 1980s in conjunction with the increase in the number of tourists. The number of retail stores rose to 572 in 1986, indicating an increase of 208 per cent in comparison to 1967. Table 18 shows that 89 per cent of all stores were located in East Jerusalem, and 8 per cent in the Bethlehem and Beit Sahour area. This rapid growth in handicraft retailing in response to growing tourist demand took place through a massive process of converting stores from other lines of business to tourist handicrafts. This is the main reason for the reportedly low level of expertise among a large proportion of the workers in this line of trade.

174. The pronounced expansion in the demand for handicraft products has also given rise to a corresponding growth in handicraft production. The number of workshops engaged in this production rose from 96 in 1978,78/ to 246 in 1986 (see table 18). Around 40 per cent of all workshops were in the Bethlehem area, mainly in the two adjacent towns of Beit Sahour and Beit Jala. The total number of those employed in handicraft workshops in 1986 was 3,419.79/

175. After the expansion in the handicraft industry during the 1970s, this branch started to suffer a gradual decline during the 1980s. In part, this was due to excessive expansion in the number of retail stores, as well as the growing competition from the handicraft market opened in the Jewish Quarter of the old city of East Jerusalem (known as the Cardo) and which has operated with vigorous government support as part of a campaign to penetrate the old city's tourist market, traditionally dominated by Palestinians. But more importantly, this branch has also suffered from the sectoral problems connected with the decline in the number of tourists since the uprising, excessive taxes, and inadequate access to credit sources.

176. Despite potential demand for Palestinian handicraft products in foreign (regional and other) markets, exports remained minimal. This was due to the lack of adequate supportive institutions, especially in the areas of credit, promotion, and technical know-how. Furthermore, the export trade was obstructed by Arab boycott restrictions on the entry of handicraft products across the bridges (due to the inclusion of raw materials obtained from or via Israel), and by Israel's refusal to permit direct export transactions to other markets.

Table 18. Palestinian handicraft production and trade enterprises, 1986

District	No. of workshops	No. of stores	total
Jerusalem	19	510	529
Hebron	62	13	75
Bethlehem	96	45	141
Jericho	1	2	3
Nablus	4	1	5
Ramallah	4	-	4
Jenin	14	1	15
Gaza	46	-	46
Total	246	572	818

Sources: O. Shehadeh and F. Shalabi, A Field Survey of Handicraft Industries in the Occupied Territory, (Birzeit University, 1987) p. 2.; "Handicraft Industries in the Occupied Palestinian Territories", Samed al Iqtisadi, p. 56, (in Arabic).

177. The handicraft workshops and retailers witnessed a sharp deterioration following the outbreak of the Palestinian uprising. An unprecedented development in 1990-1991 was the closure of several mother-of-pearl factories in Bethlehem, while most smaller factories in nearby Beit Jala had done the same, unable to compensate for the loss of domestic markets with any alternative export marketing schemes.80/ It is estimated that the volume of business has dropped since 1987 by roughly 80 per cent.81/ The number of retail outlets in East Jerusalem has also dropped by 41 per cent (falling from 510 in 1986 to 303 in early 1990).82/ The reasons behind the accelerated collapse in this sector since the uprising include:

- The decline in the number of tourists arriving in Israel, which has certainly left its impact on Palestinian handicraft industries. In fact, the consequences of that drop for Palestinian handicraft producers and dealers was greater than for Israeli handicraft branches, owing to the increasing separation between tourism facilities in both parts of Jerusalem, and the tendency for tour groups to avoid spending leisure time in East Jerusalem. The situation since the second half of 1990 has been especially critical in this regard;
- The fact that palestinian handicraft producers and dealers were also adversly affected by the nearly total stop in the flow of Palestinian summer visitors after the outbreak of the uprising. Those visitors had constituted until then an important segment of the market for handicraft products;
- Competition with Israeli handicraft dealers in the Cardo market (in the Jewish Quarter of the old city), which is becoming a source of increasing pressure on Palestinian retailers. By virtue of their location, the Israeli dealers are the immediate competitors of Palestinian retailers. Even prior to the uprising, the Cardo benefited from substantial government investment in 'urban renewal' of the Jewish Quarter, as well as the preferential treatment by Israeli tour operators who tend to direct tourists to the Cardo for their souvenier purchases. Following the slump in tourism after 1988, the authorities agreed to classify the Cardo enterprises as 'operating in a disaster zone', thus qualifying them for official subsidies such as tax rebates and other forms of compensation for business losses. Such relief has not been forthcoming to Palestinian enterprises.
- The reduced number of daily working hours, as part of the ongoing commercial strike during the uprising, has adversly affected business in handicraft stores. The impact was even more severe as a result of the fact that those hours were restricted to the earlier part of the day (from 8 to 12 a.m.). A significant relaxation of these conditions was witnessed as of mid-1991.

178. The Association of Handicraft Dealers (AHD) was registered in 1964 with members from both the West and East Banks, but mostly from East Jerusalem. As is the case with similar professional organizations, AHD aims at defending its members' interests, a task which has gained additional significance since Israeli occupation. AHD tried in the early 1980s to secure financial assistance for its (then) nearly 900 members from Arab, Jordanian and Palestinian sources. But, unlike most other branches in the tourism industry, handicraft dealers were denied any share of the financial assistance accorded at the time to the tourism sector by the Jordanian-Palestinian Joint Committee.83/ On the other hand, AHD was able to help its members in dealing with local tax authorities, since it was represented on an advisory committee which dealt with taxation problems involving its members.

179. On another level, the Holy Land Handicrafts Cooperative Society (HLC) was established in 1980 in the West Bank town of Beit Sahour and was registered with the Jordan Cooperative Organization. Beit Sahour is a relatively prosperous town of around 11,000 inhabitants, adjacent to the city of Bethlehem, and less then eight kilometers away from East Jerusalem. Beit Sahour had for many years prior to Israeli occupation a thriving touristic handicraft industry. It is reported that by 1967 there were already 250 workshops involved in this line.84/ The Society was established with the broad objective of providing financial, orginizational, technical, and marketing support to its membership, which grew from 19 in 1980 to 40 in 1990 (representing some 209 workers). Classification of members by type of products shows that 18 of them are manufacturers of wood products, 13 work with mother of pearl, and 3 are in the embroidery business.

G. Financial resources and facilities for tourism

180. Firms operating in the various branches of the tourism sector have suffered acute shortages in capital resources over the past two decades. Nearly all those firms are owned and managed as private businesses with only a few partners in each, often members of the same family. While it was possible prior to occupation to set up and maintain such "family equity" based businesses, this has become exceedingly difficult in past years. On the one hand, the volume of business and prevailing profit margins do not by themselves permit accumulation of considerable savings to facilitate expanding investment outlays, and on the other hand the costs of needed improvements have soared considerably in comparison with pre-1967 levels.

181. The capitalisation problems of Palestinian tourism companies were compounded by the closure of all local banks immediately after the onset of Israeli occupation.85/ The opening of Israeli banks in the occupied territory did not prove to be a significant help to the tourism sector. Israeli banks provided only over draft facilities, mainly to commercial enterprises, but they were not prepared to provide any lending for long-term or investment purposes such as those needed in the various branches of the tourism sector. Nor did the financial means available to tourism firms witness any positive change as a result of the re-opening of two indigenous financial institutions, the Bank of Palestine in Gaza (1981) and the Cairo-Amman Bank branches in the West Bank (as of 1986). Like branches of Israeli banks, those two institutions refrained from lending for purposes other than those of a very short-term nature, rarely for over a one-year period. In fact, even that service was not available to tourism enterprises owned by East Jerusalem Palestinians, which of course constitute the majority of tourism companies. Israeli authorities did not permit the Cairo-Amman Bank to deal with Palestinian residents from annexed East Jerusalem, on the premise that these are Israeli citizens who are prevented from dealing with "foreign banks".

182. Palestinian tourism firms in East Jerusalem were in principle eligible for those credit facilities provided by Israeli institutions at concessional terms. In practice, however, this process has been obstructed by many impediments. East Jerusalem hotel and bus owners complained that they were notified of available facilities too late, and they were obliged to fulfil difficult qualifying requirements. For instance, they are supposed to clear their tax obligations, which is often not easy, and they are required to be

registered in relevant Israeli tourism institutions (e.g. the Israel Hotel Association), a step which involves deep political connotations. Despite all these obstacles, a small number of Palestinian tourism firms in East Jerusalem (e.g. a few hotels and bus firms) succeeded in procuring easy loans from government sources. Unlike tourism enterprises in East Jerusalem, those in the West Bank and Gaza Strip are not eligible for any form of government subsidy.

183. There is only scant information on the financial facilities and other private services in the occupied territory catering to tourists. The main type of such facilities of interest to tourists is currency exchange (moneychangers), of which East Jerusalem and the West Bank boast an adequate number capable of handling present tourist demand (196 were recorded in 1986).86/ Similarly, East Jerusalem has a variety of other private service suppliers which occasionally are in demand by tourists, such as insurance brokers, legal services, press, media and advertising services, medical and dental services, repair services, vehicle rental, and photographic services, not to mention modern retail trade services. In 1981/82, a total of 540 service establishments (also including tourist transport, catering and hotels) were active in East Jerusalem, as compared to some 430 in 1968/69.87/ According to another source, the total number of private/professional service establishments in East Jerusalem (including tourism establishments) stood at only 230 in 1986, though this figure excludes some of the categories noted above.88/

H. Manpower and training facilities

184. Despite the significant role of tourism in the economy of the occupied territory, the sector has been chronically handicapped by the inadequate level of training facilities to develop manpower engaged in its various branches. Until the early 1970s, no formal training was provided for workers in this industry, whether at the pre-service or in-service levels. This may not have been a severe handicap during the pre-occupation years, because of the weak competition confronting tourism in the holy land. But the situation has changed since Israeli occupation, when Palestinian tourism enterprises were suddenly exposed to competition from Israeli enterprises which are characterized by a superior level of expertise. This growing gap alerted Palestinian institutions to the long-overdue needs for appropriate training facilities in various tourism activities.

185. Because of its location at the centre of the West Bank's touristic sites, Bethlehem University has undertaken a leading role in the area of tourism education and manpower training. In pursuance to this interest, in 1973 Bethlehem University established a special department entitled Hotel Management Institute (HMI).89/ The Institute was originally structured around a two-year study programme which was subsequently developed into a three-year programme in 1975. In 1977, the curriculum of the Institute was turned into a regular college programme of four years. The programme of study includes a wide range of courses and skills, and incorporates intervals of field training arranged in collaboration with local hotels. The Institute has so far graduated a total of 120 trainees, most of whom have been absorbed in local hotels and related tourism branches. The Institute is a member of the International Association of Hotels, and has a twinning arrangement with the College of Touristic Hotels in Dublin.

186. In addition to its regular BA programme in tourism, the Institute also initiated two other specialized courses of study related to the tourism sector. The first was a two-year programme entitled "Tourism Officers Management Programme". It comprised courses in the management of tourism agencies and supportive skills, in addition to providing trainees with crash courses in five foreign languages. The Programme was in operation for a period of only three years (1984-1987). During the programme's relatively short life span, most of its graduates were employed locally, though some sought employment abroad because of the decline in the domestic tourism sector. Another specialised course of study initiated by the Hotel Management Institute was the "Tourism Guides Training Programme", a two-year study programme aimed at meeting the need for qualified tourist guides. Unlike the other two programmes of the Institute, no classes of tourist guides have yet graduated, because of the closure of Bethlehem University by military order since January 1988.

Chapter V

IMMEDIATE PROSPECTS AND NEEDS FOR REVIVING THE PALESTINIAN TOURISM SECTOR

187. The preceding chapters have amply illustrated that the occupied Palestinian territory is characterised by abundant natural, historical and cultural endowments of great significance, with almost universal attraction. Since 1967, the occupied territory has been denied the chance to fully develop and benefit from the economic advantages that can be derived from such endowments, and which in some other developing economies constitute an increasingly important direct source of employment, income and foreign exchange, while at the same time acting as a stimulus to related activities in other sectors. The annexation of East Jerusalem by Israel has placed the most important tourist attractions of the West Bank under complete Israeli jurisdiction. This has linked them closely to the Israeli tourist sector, with few concomitant benefits accruing to Palestinian tourism institutions, which continue to suffer from general neglect and financial harassment on the part of Israeli authorities. Meanwhile, Palestinian tourism enterprises in the rest of the West Bank and in Gaza Strip have been deprived of markets, finance, training and policy guidance under a military occupation which pays scant attention to the complex needs of this potentially vital sector.

188. The fact that most tourists visiting the occupied Palestinian territory arrive via Israel using Israeli transport and other facilities means that the Palestinian tourism sector is *a priori* excluded from active involvement in managing tourist itineraries and from reaping the full financial benefits that accrue. As in some other sectors (especially manufacturing and construction), most Palestinian tourism branches have been reduced mainly to 'subcontracting' for certain stages of the tourism cycle via Israel, while other branches languish, relying mainly on the smaller source of business originating in tourist flows via Jordan. Since the uprising, the situation has deteriorated markedly in all branches, and the sector appears increasingly threatened with redundancy. The impact of the crisis in the Middle East region since August 1990 was especially debilitating for the Palestinian tourism sector, which by mid-1991 was still reeling from the losses suffered in all branches. Not only did international tourist arrivals contract considerably, but the overwhelming pressures of indebtedness, taxation, stiff competititon from better-equipped Israeli enterprises and the prohibitive costs of renovation and refurbishing combined to force several previously sound businesses into liquidation.

189. In such a situation and after almost 25 years of continuous decline under Israeli occupation, it is perhaps more relevant to concentrate on identifying measures for the 'survival', or at best 'revival', of the Palestinian tourism sector. More ambitious policies and programmes to encourage the longer-term growth and development of tourism constitute goals which remain elusive in present circumstances. In any case, the strategic aspects of tourism policy and structural reform in the occupied Palestinian territory, as well as the regional dimensions of development of the sector, form the subject of a separate investigation by the UNCTAD secretariat. This is under preparation in conjunction with an intersectoral examination of the prospects for sustained economic and social development of the Palestinian economy of the West Bank and Gaza Strip under changing circumstances. The in-depth examination of Palestinian tourism in a future setting will concentrate on the need for a tourism development strategy, taking into consideration potential growth areas, projected tourism demand, sectoral linkages, multipliers, regional complementarities, economies of scale, constraints and policy options. The

study will also investigate the possibilities for development of different branches within the context of an analysis of availabilities and needs (institutional, human resources, capital stock and financial resources, both domestic and international).

190. Nevertheless, and as seen in the previous chapters, there are many issues which urgently require attention, even in the present circumstances. The problems and constraints which impede the tourism sector in the occupied Palestinian territory are of such a complex nature that it is not always easy to depict in a clear-cut fashion those measures which might be needed and relevant in the immediate situation and those which might also be relevant and effective in the future. If and when the policy environment improves and more definite and lasting measures can be contemplated, the points suggested here could be re-evaluated and reformulated in conjunction with other possible elements of a development strategy designed to place the Palestinian tourism sector back on the regional map where it belongs.

191. It is undeniable that the holy places of East Jerusalem and elsewhere in the West Bank imply a shared heritage, common to peoples of the region and beyond. It is also clear that tourism in the occupied Palestinian territory offers potential complementarities with tourism in neighbouring countries, especially Jordan, Egypt and Israel. Ultimately, a tourism development strategy and related efforts in the West Bank and Gaza Strip will have to consider this issue in all its dimensions. However, this does not mean that existing arrangements, which are predicated on Israeli government and private sector intervention in management and effective control of the Palestinian tourism sector constitute an acceptable example of the cooperation and interdependence sought by Palestinian tourism enterprises. Certainly, after 25 years of isolation from the world and degradation of the quality and quantity of its services, Palestinian tourism branches are in dire need of renovation and revival in order to re-engage on a fair and equal basis in the stiff competition in international trade in tourism services. Present arrangements and trends are biased against Palestinian tourism branches preventing them from taking the lead in developing and exploiting the indigenous tourism resources of the occupied territory. Accordingly, until circumstances emerge to permit the free growth of Palestinian tourism, some immediate needs can be addressed to protect the sector from further degradation and help lay the bases for its more dynamic performance in the future.

192. Certainly there is a most pressing need for the provision of adequate financial facilities to the different tourism branches, and in particular hotels, handicraft industries and transportation enterprises, which all require substantial additional funding in order to renovate and modernise capital assets. There are no barriers to prohibit local businesses from obtaining external funding, whether in the form of loans or joint venture investments, should eligible sources of funding be identified. Procedural arrangements regarding the evaluation of loan applications, provision of adequate collateral and repayment of installments could be satisfactorily processed by utilising the services of relevant intermediary institutions, such as the Arab Hotels Association or the Holy Land Handicrafts Society, not to mention the various small-scale credit institutions established in recent years in the occupied territory and which provide attractive loans to eligible businesses.

193. Undoubtedly, the possibilities of attracting external investment in Palestinian tourism branches, involving international tourism corporations some of which are already heavily engaged in tourism activity in Israel itself, should be thoroughly investigated and appropriate initiatives undertaken. However, it should be remembered that to convince investors in such an uncertain situation, some assurances of returns on investments must be forthcoming. One approach that might be useful to contemplate in this regard is a joint effort by Palestinian tour operators and tourism enterprises inside and outside the occupied territory, first by attracting tourists to Palestinian hotels and using Palestinian transportation facilities, etc. This can be followed up by efforts to interest investors in upgrading and developing those hotels which have established their ability to provide the necessary level of services. Such innovative methods, which involve linking domestic Palestinian tourism enterprises with concerned and motivated Palestinians working in tourism services abroad, would help to minimise risks and maximise investors' confidence, thus providing workable alternatives to the deteriorating status quo.

194. An equally important element of efforts to revive the Palestinian tourism sector is the initiation of vigorous promotional activities. This is a high priority which need not await a more favourable political and economic policy environment. There is much that could be done, at relatively minimal cost, to attract groups of tourists who may have specific interests in visiting the occupied Palestinian territory (cultural or leisure tourism). While such efforts could be directed to target groups of international tourists (such as pilgrims), these should apply no less to Palestinians living in the diaspora, who could be encouraged to visit their homeland, undeterred by the constraints of occupation. Such an effort could best be facilitated by local tourism planning and promotion institutions (see below) rather than leaving it to the individual enterprises or branches. However, the lack of such a body cannot alone justify the failure to produce and distribute, both inside the occupied territory and abroad, promotional material on the Palestinian tourism sector.

195. The high-profile promotional efforts adopted by some of the neighbouring countries, including Israel, Jordan and Egypt, have benefited from well produced and targeted promotional material geared to different potential markets, in order to generate and enhance tourist flows. For example, the Israel Government Tourist Office (IGTO) prepares special brochures and promotional leaflets for each section of the tourist market (Christian and Jewish pilgrims, cultural tourists, leisure tourists, business/conference tourists, etc.) emphasising those aspects of tourism in Israel that are of particular interest to it.90/ The promotional campaign in some of these leaflets provides step-by-step instructions on how and when to organise tours to the holy land, sample letters to be sent to potential travellers, practical hints, sample itineraries, and (eventually) lists of travel agents, tour operators, informational and promotional material, brochure blanks (shells), ongoing tours, arrangements for special seminars or 'solidarity' activities and others. While it is perhaps premature to expect to be able to promote Palestinian tourism on such a wide scale and in similarly confident terms, the brochure prepared recently by the Arab Hotels Association is only the first of many such steps that are urgently required. Indeed, some useful informational material prepared on pilgrimage to the holy land by concerned Palestinian and other groups provides one approach to generating promotional material on tourism to the occupied territory.91/ It is furthermore important to

synchronise the various elements of the marketing mix in the light of accurate information about the nature of the different market segments, their purchasing decision process, timing of holidays and other relevant facts. Similar promotional activities played an essential role in attracting increased number of tourists to Egypt, especially in the 1980s, as noted in chapter III.

196. All efforts aimed at reviving the Palestinian tourism sector will inevitably involve multi-faceted relations between Palestinian tourism institutions and Israeli authorities. While positive regional developments in the coming period will hopefully lay the bases for equal and mutually beneficial links within a context of cooperation and complementarity, relations under present circumstances remain tense and confrontational. Until such time as the context for these relations changes for the better, efforts are needed to convince the Israeli authorities to desist from the imposition of discriminatory measures against Palestinian tourism enterprises, in particular those measures related to taxation, employment, licensing, credit and subsidy eligibility, access to international tourist markets and opportunities for direct contracts and preferential terms with airlines and international tour operators. The efforts exerted since 1986 by the European Community to ensure direct Palestinian merchandise exports on preferential terms provide a useful indication of the type of intervention that could be useful in re-establishing Palestinian export of travel and tourism services and goods on an equitable footing. A related area requiring attention is the streamlining of procedures and upgrading of facilities affecting tourist arrivals via Jordan, with the aim of increasing the role and activity of Palestinian tourist enterprises in the occupied territory involved in the entry of tourists to the territory. The various restrictive aspects of conditions and regulations affecting the activity of travel agents and tour operators should also be reviewed and the necessary steps taken towards their liberalisation.

197. Similarly, serious efforts are required to establish considerably stronger forms of collaboration and cooperation between Palestinian tourism enterprises and those in Jordan, irrespective of current or future political developments. The Jordanian Ministry of Tourism and Antiquities and other competent authorities have played a significant role, within the boundaries permitted, in helping to provide financial assistance to Palestinian tourism firms when necessary and in facilitating access to international tourist markets through Jordan as required. Since 1967, however, the realities of occupation have meant that it has not been feasible to include Palestinian enterprises in most of those direct investment, subsidy, selective credit, tax benefit or administrative assistance schemes implemented for the benefit of Jordanian tourism enterprises. Tourism authorities in Jordan have accumulated a wealth of useful experience in dealing with tourism to the region and to the holy land in particular, and can impart useful information and methods to Palestinian enterprises and professional bodies active in the sector. Undoubtedly, the pronounced degree of historical, actual and potential complementarity between tourism on both sides of the Jordan river provide a natural and practical basis for planning and implementing joint ventures in this regard. These efforts could be further developed with a view to extending the campaign to various other individual countries and parts of the world which are potential originating sources of tourists to attractions and sites in Gaza Strip and the West Bank including East Jerusalem.

198. Bearing in mind the central role of the human resource element in the successful delivery of tourism services, upgrading of the technical and managerial expertise of Palestinian manpower engaged in the various branches of the tourism sector is another high priority. There is much that can be done in that direction through the current programmes sponsored by Bethlehem University and with the collaboration of other local tourism bodies. Further technical and financial assistance for this purpose could be sought from specialised international organisations. In this regard, the technical competence and experience of the World Tourism Organisation could serve as an essential source of assistance in ensuring the appropriate training and re-training of Palestinian tourism personnel (and local trainers) in different branches and in equipping them with modern and effective tourism management and promotional skills. This is particularly relevant as training needs are increasingly felt among travel agents, tour operators, tour guides and hotel management and catering staff.

199. The existence of a Palestinian tourism organisation (PTO), which can assume a leading role in the sphere of organisation and planning of tourism, is a fundamental prerequisite for the efficient formulation and implementation of development programmes and projects in the tourism sector. Notwithstanding present constraints preventing the immediate establishment of such an entity, existing associations could well consolidate their efforts to form the nucleus of such a focal point to begin addressing the most urgent and pressing issues in a systematic fashion. The immediate major task of such a facility/focal point could be to prepare for the West Bank and Gaza Strip a long-term development policy, a medium-term development strategy and a shorter-term action programme for the tourism sector. The main focus here would be on development of tourist facilities and improvement of attractions, including the urban environment, both in East Jerusalem and outside. This could aim at encouraging a decentralisation of tourism and spread its economic benefits, while maintaining the city's position as major attraction of the region. Such a plan could also include recommendations on institutional and physical improvements needed in existing facilities, services, arrangements, procedures and regulations affecting tourism. Various factors not usually considered by local tourism enterprises, such as environmental and socio-cultural considerations and the geographic spread of benefits are further issues to be addressed. Ways of improving and enriching the Palestinian tourism product and increasing visitor spending should also be assessed. The experience and expertise of the World Tourism Organization can usefully be called upon in the establishment of such a vital facility.

200. Such a nucleus of a PTO exists in the form of the accumulated experience of the different tourism branch associations and, more recently, in the establishment of the Tourism Information Unit at the Arab Studies Society in East Jerusalem. To begin with, steps could be taken to formalise the status of, and relations between, the various institutions representing the branches of Palestinian tourism, with a view to coordinating sectoral policies and programmes and providing a legitimate channel for promotion of Palestinian tourism world-wide. If these and other relevant existing institutions (such as Chambers of Commerce) are eventually to spawn a viable PTO capable of formulating and guiding the implementation of a sectoral plan, then active and well considered technical and financial support will have to be forthcoming, with a strong international component in guidance, training and other technical matters. This is another important area where the guidance of the World Tourism Organisation will be essential to a successful outcome.

201. Other important areas of tourism development should eventually be investigated by the competent local organisations and authorities and to begin with by the existing facility, namely the Tourism Information Unit of the Arab Studies Society. For instance, there is room for the expansion and diversification of entertainment facilities in the occupied territory catering to tourists, especially based on Palestinian folkloric and cultural activities and sites of natural beauty. The preservation and development of traditional arts and handicrafts to supply the domestic tourist market and possible export markets are equally promising avenues. An investigation of the possibilities for renovation and development of neglected touristic sites of historical or natural attraction, especially in the Gaza Strip should not be excluded. In particular, potential attractions for local tourists could be identified and developed accordingly.

202. The effectiveness of measures aimed at promoting the Palestinian tourism sector are ultimately contingent, to a great extent, upon dissipating the unease aroused in the minds of potential tourists as a result of the conditions prevailing throughout the occupied territory since 1987. While certain improvements, including some of those measures suggested above, could be envisaged in the current situation, events such as those of recent years are likely to reduce their positive impact. Indeed, the post-1967 developments as a whole have constituted a series of events under occupation that have plunged the Palestinian tourism sector deeper into deterioration and now near-collapse. Most recent Israeli measures, intended to provide security to tourists by confining them to a self-contained Israeli tourism sector separated from that in the occupied territory, will inflict new and grave damage to the Palestinian tourism sector.

203. It is, therefore, imperative that the implications for the Palestinian tourism sector of the impact of continued Israeli occupation be fully recognised by the international community. The requisite measures should be considered with a view to re-establishing this vital sector of the economy of the occupied territory on the basis of the right to fully benefit from its natural endowmnents and accumulated experience that it still posseses. Ultimately, however, as has been noted with regard to prospects for the development of tourism elsewhere, "the basic constraint on future growth and development could be seen as the extent to which resources and effort would be made available to create the necessary tourism facilities and attractions, train the rquired manpower, and adopt a clear marketing strategy in an administrative framework which is dynamic and conducive to the needs of the tourism industry."92/ In the case of the occupied Palestinian territory the operation of this constraint under prevailing circumstances is almost total; its impact in conditions of liberalisation and indigenous economic management would certainly be much reduced.

Notes

1/ The designations "the occupied territory" and "the territory" in this study refer to the occupied Palestinian territory, i.e., Gaza Strip and the West Bank, including East Jerusalem.

2/ See, e.g., World Tourism Organization, Economic review of world tourism (Madrid, 1988); World Tourism Organisation, Tourism development report (policy and trends), (Madrid, 1988); World Tourism Organisation, The problems of protectionism and measures to reduce obstacles to international trade in tourism services, (Madrid, 1988). For one of many accounts of tourist attractions in the occupied territory, see Miyasser Abu Ali, "The tourism endowments of Palestine", Samed al Iqtisadi, No. 71, January-March 1988 (in Arabic).

3/ For a thorough coverage of these points, reference is made to: United Nations, The origins and evolution of the Palestine problem, 1917-1988, (N.Y., 1990), pp. 34-42; Khalid Sirhan, "The observations of tourists, pilgrims and orientalists in Palestine over 4,000 years", Samed al Iqtisadi, No. 71, January-March 1988 (in Arabic), pp. 86-98.

4/ United Nations, "The origins..."

5/ See section 4 below.

6/ See, e.g., Wharton Econometric Forecasting Associates, The contribution of the world travel and tourism industry to the global economy (American Express, 1989).

7/ Jamil Hilal, West Bank economic and social structure 1948-1974 (Beirut, PLO Research Center, 1975), p.160 (in Arabic).

8/ Calculated from data in B. Van Arkadie, Benefits and burdens (New York, Carnegie Endowment, 1977), p. 27.

9/ See chapter II.B below and Jordan, Three-year development plan, 1973-1975 (Amman, National Planning Council, 1976), p. 7.

10/ F. Gharaibeh, The economies of the West Bank and Gaza Strip (Boulder Co., Westview, 1985), pp. 16-17.

11/ Van Arkadie, "Benefits ...", p. 30.

12/ Jordan Catalogue of Commerce and Industry, 1966.

13/ A. Alawneh and Q. Abu Harb, Economic and Social Conditions in Arab Jerusalem (Jerusalem, 1986), p. 32 (in Arabic).

14/ See "The Palestinian financial sector under Israeli occupation" (UNCTAD/ST/SEU/3/Rev.1), p. 35, for further details of the pre-1967 financial system in the West Bank and Gaza Strip.

15/ See chapter III below.

16/ Jerusalem Post, 10/7/81, 2/10/81; Ha'aretz, 11/12/81.

17/ New York Times, 10/7/81.

18/ Ha'aretz, 10/12/81.

19/ JPJC data obtained from the Jordan Ministry of Tourism and Antiquities, 1990.

20/ Statistical Abstract of Israel (Jerusalem, CBS, 1991), p. 158.

21/ The status of East Jerusalem has been the subject of several General Assembly and Security Council resolutions, notably, General Assembly resolution 2253 (ES-V) of 4 July 1967 and Security Council resolutions 252 (1968) of 21 May 1968 and 465 (1980) of 1 March 1980.

22/ Such as military orders Nos. 153, 173, 244, 320, 917 and several additional regulations, all of which specifically deal with tourism. At least 65 other orders and a number of regulations cover related areas, such as archeological sites, holy places, public entertainment, public gardens and natural reserves, as well as international transport to/from the West Bank. See Samed al Iqtisadi, No. 71, January March 1988, (in Arabic) for the details of the most important orders and regulations.

23/ See, e.g., R. Shehadeh, Occupier's Law (Wash. D.C., Institute for Palestine Studies, 1989); E. Benvenisti, Legal dualism: the absorption of the occupied territories into Israel (Jerusalem, West Bank Data Base Project, 1989).

24/ Israel, The Civil Administration of Judea and Samaria, 18th Annual Report, p. 89.

25/ Ibid, p. 87.

26/ According to officials of the West Bank Engineering Association, East Jerusalem, 1990.

27/ Rassem Khamaysi, Israeli planning and house demolishing policy in the West Bank (Jerusalem, Palestinian Academic Society for the Study of International Affairs 1989), p. 42 (in Arabic).

28/ M. Benvenisti and S. Khayat, The West Bank and Gaza Atlas (Jerusalem, The West Bank Data Project, 1988), p. 34.

29/ H. Habash, "Jordan's Potential for Tourism Development", Msc. Thesis, University of Surrey, September 1983, p. 110.

30/ See, e.g., GATT secretariat, "Trade in tourism services", Note by the secretariat, 4 July 1989, MTN.GNS/W/61; GATT secretariat, "Balance of payments statistics on services", Note by the secretariat, 3 July 1989, MTN.GNS/W/58; World Tourism Organisation, "Economic Review...", paras. 112, 121-124.

31/ Unless otherwise indicated, references to visitor/tourist arrivals to the "occupied Palestinian territory" are assumed to include arrivals to East Jerusalem.

32/ GATT secretariat, "Trade..." (MTN.GNS/W/61), p. 15.

33/ See table 4. It is not clear whether Israeli tourists to Egypt are counted among the 'visitors' crossing the Strip, or whether the definition of 'residents' is meant to cover Israelis as well as Palestinians.

34/ At the time, the Israeli decision was attributed to competitive pressure on the Israeli national airlines from the Jordanian national airline which offered less expensive and more attractive tours of the holy land via Jordan than those available via Israel. See chapter II above.

35/ World Tourism Organisation, "Economic review...", para 8.

36/ Ibid., paras. 28-31.

37/ Ibid., para. 34.

38/ Calculated from constant price series data in UNCTAD ETS databank on the occupied Palestinian territory, 1991.

39/ See P. Encontre, "Why does the tourist dollar matter" (Road Town, British Virgin Islands Tourist Board, 1989) for a stimulating account of the actual functioning and impact of the tourism multiplier.

40/ See, e.g., Samed al Iqtisadi, "The realities of the tourist manufacturing industries in the occupied territories", Samed al Iqtisadi, No. 71, 1988 (in Arabic).

41/ Al-Fajr, 31/12/91.

42/ "Proposal by Palestinian credit institutions to the EEC for channeling funds to the three sectors of the economy of the West Bank, Gaza Strip", March 1991.

43/ Compiled from data in "Recent economic developments..." (TD/B/1305), table 1.

44/ All data on employment are calculated from UNCTAD ETS databank on the occupied Palestinian economy, 1991.

45/ See, e.g., "Services and the development process" (TD/B/1008/Rev.1) and "Services in the World Economy - Trade and Development Report 1988" (UNCTAD/TDR/8), Part Two.

46/ See, e.g., "Policies and mechanisms for achieving sustainable development", UNCTAD/TD/B/1304.

47/ See chapter IV.

48/ Arab Studies Society, Tourism Information Unit field survey, East Jerusalem, 1990.

49/ Jerusalem Statistical Yearbook (Jerusalem, The Jerusalem Institute for Israel Studies, 1990), p. 193.

50/ A typical recent example is the 16-day detention of the owners of a leading East Jerusalem tourist travel agency, Near East Tourist Travel (NETT), for refusing to pay the assessed 1989 corporate income tax of NIS 6 million (equivalent of approximately US$ 3 million). Reported by the Managing Director of NETT, interviewed in 1990.

51/ According to the Chairman of the Arab Tourist Guides Union.

52/ "Arab Studies Society..." 1990.

53/ Arab Tourist Guides Union records, 1990.

54/ "Arab Studies Society..." 1990.

55/ Report by the Arab Technical Development Corporation, East Jerusalem, 1990, p.2.

56/ Statistical Yearbook of Jerusalem (Jerusalem, The Jerusalem Institute For Israeli Studies, 1988), p. 193.

57/ According to the Jordanian Ministry of Tourism and Antiquities, in 1990, this hotel was eventually confiscated and its assets were auctioned. An Israeli-owned hotel was subsequently built at a nearby site.

58/ The Israeli Economist, November 1988.

59/ According to the Chairman of the Arab Hotels Association.

60/ Ibid.

61/ "Arab Studies Society..." 1990.

62/ Alawneh and Abu Harb, "Economic and social ...", p. 27.

63/ According to the Chairman of the Arab Hotels Association.

64/ See "Recent economic ...", TD/B/1221, TD/B/1266 and TD/B/1305.

65/ "Arab Studies Society...", 1990.

66/ According to the Chairman of the Arab Hotels Association, quoted in An-Nahar, 13/3/1990 (in Arabic).

67/ Ibid.

68/ See table 5 above.

69/ Israel, Central Bureau of Statistics, Judea, Samaria and Gaza Area Statistics (Jerusalem, CBS, 1988), No. 1, p. 2.

70/ Ibid.

71/ Jerusalem Post, 18/1/91.

72/ Aseel information and research bulletin, 30/3/91 (in Arabic).

73/ Al-Fajr, 15/04/91; Jerusalem Post, 09/4/91.

74/ See United Nations, Report of the Secretary-General on "Future infrastructure needs for the Palestinian people in the West Bank and in the Gaza Strip" (A/44/534).

75/ According to the directors of Palestinian transportation companies.

76/ Alawneh and Abu Harb, "Economic conditions ...", p. 32.

77/ "Handicraft industries in the occupied territory", Samed al Iqtisadi, No. 71, January-March 1988, (in Arabic).

78/ H. Awartani, A Survey of Industries in the West Bank and Gaza Strip (Birzeit University, 1979), pp. 13-26.

79/ O. Shehadeh and F. Shalabi, A Field Survey of Handicraft Industries in the Occupied Territory, Birzeit University, 1987, p. 2. (in Arabic).

80/ "Recent economic..." (TD/B/1305), para 63.

81/ An average of estimates reported by sampled owners of stores.

82/ Data for 1986 from Alawneh and Abu Harb, "Economic conditions..." , p. 32; data for 1990 was derived from the records of the Association of Handicraft Dealers.

83/ According to the Chairman of The Association of Handicraft Dealers.

84/ According to the Chairman of Holy Land Handicrafts Cooperative Society.

85/ See "The Palestinian financial..." (UNCTAD/ST/SEU/Rev.1).

86/ Ibid., pp. 61-65.

87/ Municipality of Jerusalem tax files, quoted in B. Hyman et. al, Jerusalem in transition (The Jerusalem Institute for Israel Studies, 1985), p. 46.

88/ Calculated from data in Alawneh and Abu Harb, "Economic conditions...".

89/ See Abdallah al-Qashtan, "Hotel and Tourism Management Institute in Bethlehem University", Samed al-Iqtisadi, No. 71, January-March 1988 (in Arabic).

90/ One such example is a publication prepared by the IGTO (North America) entitled "Let the Bible be your guide - a handbook for Christian Ministers" (1980).

91/ See, e.g., Larry Eiken, "Tourism in the Holy Land", special issue of The Link (N.Y., Americans for Middle East Understanding), Vol. 15, No 2, May/June 1982; Rev. Canon Riah Abu Asal, "Holy Land pilgrimage as viewed by an Arab Palestinian Christian Israeli citizen", Nazareth (Geneva, Middle East Council of Churches, 1982); "Palestinian tour guides - losing ground to Israeli monopoly", Al-Fajr, 29/6/1984; "Politics and power: tourism in Israel", Contours - concern for tourism, Vol. 4, No. 2, June 1989.

92/ H. Habash, "Jordan's potential...", p. 110.